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|---|---|---|---|---|---|
| Austria | Sch30 | Indonesia | Rp3100 | Pakistan | Rs35 |
| Bahrain | Din0.800 | Iran | Rls210 | Philippines | Peso40 |
| Belgium | BFr60 | Israel | Shk4.50 | Poland | Z16,000 |
| Cyprus | C£1.00 | Italy | L2200 | Portugal | Esc175 |
| Czech | Kcs35 | Jordan | JD1.20 | Qatar | QR10.00 |
| Denmark | DKr13 | Korea | Won 2000 | S.Arabia | SR9.00 |
| Egypt | E£2.50 | Kuwait | Fils.600 | Singapore | S$4.10 |
| Finland | FM10 | Lebanon | L£1,600 | Spain | Pta175 |
| France | FFr8.00 | Lux | LFr60 | Sweden | SKr13 |
| Germany | DM2.00 | Morocco | MDh10 | Switz | SFr2.70 |
| Greece | Dr200 | Neth | Fl 3.50 | Thailand | Bht50 |
| Hungary | Ft182 | Nigeria | Naira15 | Tunisia | Din0.800 |
| Iceland | IKr180 | Norway | NKr13.00 | Turkey | L6000 |
| India | Rs20 | Oman | OR1.25 | UAE | Dh8.00 |

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

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Wednesday December 11 1991

D 8523A



## World News

### Burmese troops confront students

In Rangoon, the Burmese capital, hundreds of riot police and troops armed with machine guns dispersed several thousand people after a student protest in support of detained dissident Aung San Suu, on the day she was to have collected the Nobel Peace Prize.

In Oslo, Alexander Aris, the 18-year-old son of Aung San Suu Kyi, accepted the Nobel prize on her behalf. Page 4

**Opponent for Bush**

Patrick Buchanan, right-wing US political commentator, launched his bid to return to the White House where he served as speech-writer to three presidents. He is to challenge President George Bush for the Republican party's nomination in the New Hampshire primary in February. Page 4

**Japanese troops**

The Japanese government has virtually given up its attempt to win parliamentary approval this year for a controversial bill authorising the despatch of Japanese troops overseas on United Nations peace-keeping missions.

**Soviet commonwealth**

After applauding the newly-elected Ukrainian president's blistering criticism of Mikhail Gorbachev, Ukrainian MPs ratified the treaty to form a commonwealth of independent states hammered out in Minsk over the weekend. Page 4

**Poll lead for Labour**

Labour has a three point lead over the UK government in a new opinion poll. The ICM poll for The Guardian shows Labour popularity down 1 per cent on the same time last month but Tory support down 2 per cent. Only the Liberal Democrats increased in popularity, from 13 per cent to 14 per cent.

**Minister released**

Nicholas Biwott, former-Kenyan cabinet minister, who was arrested two weeks ago in connection with the murder of a former foreign minister, was released from police custody last night. Page 4

**Cuts for the TA**

The UK Territorial Army – volunteer part-time reservists – is to have its strength reduced by about 10,000 to 63,500. Tom King, defence secretary, sugared the pill by promising to give the TA a more prominent role. Page 10

**Li Peng to India**

Li Peng, Chinese prime minister, arrives in New Delhi today for a five day visit that is seen as important both by India and China in removing suspicions that have lasted since Asia's two largest states went to war in 1962.

**Dispute at FT**

Financial Times journalists today meet to discuss a ballot on industrial action following announcement that nine members of staff, long term sufferers from repetitive strain injury (RSI), would be retired early on health grounds.

**Motorway accidents**

Angry UK police chiefs blamed drivers for a series of motorway crashes in freezing fog and ice which left six dead and more than 30 seriously injured. Scores of vehicles were involved in multiple pile-ups on the M1, the M62 and the A1M in South Yorkshire, West Yorkshire and Humberside.

**Cambridge win**

Cambridge beat Oxford 17-11 in the University rugby match at Twickenham. Observer, Page 16

## Business Summary

### Redland launches bid for Steetley

REDLAND, UK-based buildings materials group, launched a takeover bid for Steetley which valued the company at £615m.

Steetley is one of Europe's biggest aggregates producers, and a substantial manufacturer of ready-mix concrete. It is also makes quality facing bricks and clay tiles in the UK. The offer consists of 85 Redland shares for every 100 of Steetley.

INCHCAPE, the international motor distribution and retailing, services and marketing group, is to take over Tozer Kemsley & Millbourn, the motor distribution and retailing subsidiary of Brierley Investments in a deal worth up to £382.5m.
See Lex

NIPPON Steel, world's largest steel producer, is to purchase up to 25 per cent of the Japanese subsidiary of Oracle Systems, a leading US software company, as part of its continued diversification into the computer industry.

AMERICAN Telephone & Telegraph signed a $6.8m contract with Empresa Nacional de Telecomunicaciones, one of Chile's largest long-distance telecommunication service providers, for the first section of a fibre optic network that will eventually link the country's main urban centres.

GENERAL Motors, US motor corporation, has formed a joint venture to produce spark plugs in Hungary with Bakony Works for Metal and Electrical Equipment. The joint venture is the third to be established in Hungary by GM in recent months.

VAUX, UK brewing-to-hotels group, saw full-year profits decline from £38.8m to £34.3m, but the results were still at the upper end of City of London expectations. The company said its drinks-related businesses performed well, but the hotels division had a "lacklustre year".

BRITISH Aerospace appointed George Simpson, chairman of its Rover car subsidiary, to a new post of deputy chief executive to strengthen BAe top management.

BARCLAYS BANK, largest of the four main UK clearing banks, launched a code of business banking to govern relations with its small business customers. All the large high street banks have now published guidelines for such customers following widespread accusations last summer that the banks had been over-charging some of their business customers.

UK CORE inflation continued to slow last month, according to official figures, which illustrate the weak state of demand and the pressure on manufacturers to reduce prices.
See Lex

COMPASS Group, catering and hospitals company, reported an 8.5 per cent rise in pre-tax profits to £32m for the year to September 29, on sales down by £31.8m to £320.9m.

PINKERTON, US security group, said it had expanded its presence in the UK with the acquisition of ISS Securi-System for $7.3m (£4.12m). This brings to 15 the number of companies Pinkerton has acquired this year.

COPPER'S price fell to the lowest level in six months at one stage on the London Metal Exchange as the market became more convinced that the recent squeeze was over. Copper for immediate delivery closed at £1,208 a tonne, down £13.50 while copper for delivery in three months was down £11 to £1,225.

ALUMINIUM Company of America (Alcoa) and Austria Metall have decided to "suspend" plans to invest in two large smelters that were to have been built in Venezuela, according to Mr Roberto Pocaterra, Venezuela's minister of finance.

## Major tells EC that UK business and Parliament would reject labour rules

# Britain isolated in summit row on social policy

By Our Foreign and Political Staff in Maastricht

A SERIOUS CLASH between Britain and its EC partners over social policy was last night the only obstacle to success at the European Community summit in Maastricht.

Britain said it would not sign the treaty on political union if it contained an extension of labour market regulation on which all its partners insist.

Mr John Major, the UK prime minister, was holding talks with Dutch premier Ruud Lubbers, the summit's chairman, in an attempt to find some way out of the impasse.

One option being considered was for the UK to opt out of all new social policy provisions. "There seems to be no room for compromise", Mr Piet Dankert, the Dutch EC affairs minister, said after Mr Major brushed aside the Dutch presidency's plan to water down social policy provisions to meet British concerns.

This would make such sensitive issues as worker consultation subject to unanimity, rather than majority vote, thereby keeping national vetoes. France said it would refuse to sign the treaty if there was any further dilution of the treaty's labour clauses.

THE SUMMIT

DAY 2

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■ Social policy clash
■ Kohl's enthusiasm
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■ Germany's F-word
Page 18
■ Major: A man living with his party's past

But Mr Major told fellow leaders that if he met their wishes "I would not get the support of the British parliament or business".

His officials said he would rather accept an exemption clause for the UK than sign a treaty which would provoke widespread anger in the Conservative party. But such an opt-out – alongside the one already agreed for Britain on a single currency – would leave Mr Major open to accusations by the opposition Labour party that he had consigned the UK to the slow lane of a two-speed Europe.

The social policy row overshadowed a historic agreement giving the future European union a defence dimension as well as a common foreign policy. The vehicle for this defence identity will be the nine-nation Western European Union, which will be extended to take in Greece and any other EC state which wants to join.

To balance Greek admission into WEU, Turkey, its traditional enemy, will be offered full participation in the organisation, although not formal membership.

EC leaders were last night moving through a mass of often contentious detail towards agreement on extending EC law-making competence, spreading the use of majority voting, and giving the directly-elected European Par-

Continued on Page 18

Halfway stage: Jaques Delors (right), European Commission president, discusses progress with French president François Mitterrand before the second day of the summit

# Gorbachev clings to shadow of power as union falters

By John Lloyd, in Moscow

MR Mikhail Gorbachev, the leader of a state which may no longer exist, yesterday clung to the shadow of power – even as his closest aide admitted that his fate hangs in the balance.

Mr Gorbachev's efforts to save the union seem increasingly doomed, in spite of a claim by Mr Andrei Grachev, his press secretary, that the president "today has no such thought" of resignation.

Meanwhile the US warned that conditions in the Soviet Union were "dangerously unstable".

Mr Robert Gates, the new CIA director, told the House Armed Services committee thata return to authoritarian government remained possible.

Mr Georgy Shakhnazarov, a long time advisor to President Gorbachev, was quoted by two Russian news agencies yesterday as telling a conference of young politicians that "you will not have long to wait for his [Gorbachev's] exit". Later Mr Shakhnazarov said he had been misquoted, and that he had said the decision on Mr Gorbachev's future depends on the fate of the union.

"If the union is maintained, then there will be a place for the president. If the union is not maintained, the question decides itself," he said.

Leaders of the three Slav states who signed a pact creating a Commonwealth of Independent States to replace the Soviet Union over the weekend and who account for more than 70 per cent of the Soviet Union, yesterday stepped up their efforts to ensure that the question is decided against Mr Gorbachev.

Mr Yeltsin, who will recommend the commonwealth to the Russian parliament tomorrow, yesterday saw Mr Yevgeny Shaposhnikov, the Soviet defence minister, in an attempt to ensure that the Red Army command does not swing against his new association.

After the meeting, Mr Gennady Burbulis, the first deputy prime minister of Russia, said that Marshall Shaposhnikov had "fully supported the formula" of the commonwealth agreement. Mr Yeltsin is to meet area commanders today. A meeting of military officers was being held at the Defence Ministry last night. Mr Gorbachev was expected to address them.

Mr Andrei Kozyrev, the Russian foreign minister, who has been outspoken in his denunciation of the remnants of Soviet power, had on Monday summoned a meeting of ambassadors to tell them that they should no longer think of themselves as accredited to the Soviet Union. He said the question of to what state they were accredited would be settled shortly.

Yesterday, Mr Kozyrev said that the three-republic pact was the only chance for the country "to avoid what is happening in Yugoslavia" – a fate which Mr Gorbachev and others have predicted for the Soviet Union if the commonwealth agreement is not replaced by a union treaty.

In Minsk, the Belorussian parliament voted against the union treaty – while in the Ukrainian capital of Kiev, Mr Leonid Kravchuk, the Ukrainian president, attacked Mr Gorbachev's efforts to hold the union together as a "totalitarian" state.

"We all know how we got to this point and who is guilty," said Mr Kravchuk, a former senior Communist official, referring to Mr Gorbachev.

Mr Gorbachev's call for a special meeting of the Soviet Congress of Peoples Deputies to discuss both the commonwealth agreement and the union treaty seemed certain to founder for lack of a quorum. All three states participating in the commonwealth said they would not send their representatives. Mr Stanislav Shushkevich, the Belorussian leader, said the idea was "not serious" since so few deputies would turn up.

The Supreme Soviet will consider the commonwealth agreement tomorrow.

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Gates warns, Page 18

# Confidential report shows £500m Maxwell loan losses

By Robert Peston

CREDITORS face losses of at least £500m on loans to the late Robert Maxwell's private companies, according to confidential documents obtained by the Financial Times.

A report by investigators from Coopers & Lybrand Deloitte, the accounting firm, discloses that bank loans to the Maxwell private companies are £970m in total, which is £70m higher than was previously disclosed.

The Coopers' report is the most authoritative assessment to date of the disastrous state of the private companies' finances. However, the outlook is almost certainly even worse for banks and other creditors than the dire prognosis made by Coopers.

Total losses faced by creditors to the private companies are likely to be well over £1bn. Bankers say there is also a risk that they will suffer a further £750m of losses on £1.5bn of loans to a Maxwell public company, Maxwell Communication Corporation.

Another surprising implication of the Coopers report is that Lloyds Bank is the UK clearer most at risk of making losses on loans to the Maxwell private companies, which are now in administration. National Westminster has the biggest loans to the companies, totalling £155m, but appears to be well protected by collateral.

The report delivered to the banks on December 3 refers to Maxwell companies by the code name "Russet".

It states that only £698m of all bank loans to the private companies are fully secured. A further £272m of bank loans are not backed by any security. These will rank alongside other creditors in the scramble for the proceeds from the disposal of the private companies' assets.

At the time, Coopers believed that £429m had been transferred out of the Maxwell public companies' pension funds. The report said £244m was also owed by the private companies to MCC.

A further £38m was identified as missing from MCC in the form of shares in Berlitz, the language instruction company, which had secretly been transferred from MCC to Bishopsgate Investment Trust in March.

Coopers also identified £47m as missing from Mirror Group Newspapers. However, MGN has subsequently discovered that a further £50m has vanished from its accounts.

Coopers assessment that creditors of the private companies are owed £1.86bn is likely to be an underestimate of at least £50m. Teams of accountants from other auditing firms, currently looking at the Maxwell private company accounts, are expected to find further debts.

However, if the report is too optimistic on debts of the private companies, bankers believe it has also been excessively optimistic in the valua-

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## MARKETS

**STERLING**
**New York lunchtime:**
$1.8125
**London:**
$1.8080 (1.8065)
DM2.8500 (2.8425)
FFr9.7400 (9.720)
SFr2.5225 (2.5125)
Y232.50 (232.00)
£ Index 90.90 (90.7)

**GOLD**
**New York Comex Feb**
$371.1 (371.6)
**London:**
$368.40 (370.70)

**N SEA OIL** (Argus)
Brent 15-day Jan
$18.25 (same)

Chief price changes yesterday: Page 19

**DOLLAR**
**New York lunchtime:**
DM1.5730
FFr5.3745
SFr1.390
Y128.50
**London:**
DM1.5765 (1.574)
FFr5.3875 (5.38)
SFr1.3945 (1.391)
Y128.65 (128.40)
$ index 82.2
**Tokyo close:** Y128.32

US LUNCHTIME RATES
Fed Funds: $4\frac{3}{8}$%
**3-mo Treasury Bills:**
4.285%
**Long Bond:**
$102\frac{11}{32}$
yield: 7.785%

**STOCK INDICES**
**FT-SE 100:**
2392.0 (−17.6)
**FT-A All-Share:**
1150.47 (−6.14%)
**FT-SE Eurotrack 100:**
1034.94 (−4.52)
**New York close:**
DJ Ind. Av.
2,862.70 (−8.95)
S&P Comp
377.56 (−0.70)
**Tokyo:** Nikkei
22,459.17 (−210.27)

**LONDON MONEY**
**3-month interbank:**
$10\frac{11}{16}$ ($10\frac{11}{16}$)
**Liffe long gilt future:**
$95\frac{5}{8}$ (Dec $95\frac{11}{32}$)

# Social policy clash threatens to wreck talks

By **David Gardner** in Maastricht

THE UK and its 11 EC partners yesterday desperately sought a way of agreeing to disagree on continental European ambitions to strengthen workers' rights in the revised Treaty of Rome. Lawyers and draughtsmen were last night picking their way through the legal and political minefield of a new opt-out clause for Britain on social policy.

Mr John Major refused to yield his entrenched position in the political union negotiations. The other leaders got the point.

"I would say there is...no room for compromise," conceded Mr Piet Dankert, the Dutch minister for Europe. There was "no point in re-discussing" the social chapter of the draft treaty, as behind the scenes efforts were under way to find a way out. His colleague, finance minister Mr Wim Kok, had warned on day one of the Maastricht summit that there could be no compromise between yes and no.

Just before the Dutch presidency wound up another sterile debate on what Britain's Tory government sees as an EC bid to reintroduce socialism into the UK "through the back door", Mr Major thanked his hosts for redrafting the social provisions to take account of his concerns – and said no.

"The background is that British legislation is going in another direction, and these are insuperable difficulties," he said. "Just as for some of you, signing this treaty without the social provisions creates problems, for me it is the other way round. I would not get the support of the British parliament or business."

President François Mitterrand of France, with more than a hint of resigned irony, said he admired the courage of a man who "recognised his responsibilities." But he immediately arranged another meeting with Chancellor Helmut Kohl of Germany, amid signs that the patience of Britain's partners was fast evaporating.

But what is the UK rejecting? And to what extent can Britain opt out of a chapter of EC policy?

The Tory government believes it has changed the balance of industrial power in Britain in a way which only Brussels – or the opposition Labour party which supports EC social policy – can reverse. It believes the only role of social policy, apart from health and safety provisions, is to create jobs. These measures will cost jobs, UK officials say, in extravagant, but not easily checkable detail.

Britain's partners argue that EC workers must be given a stake in the new European Union. Down the road they foresee problems in both ratifying and implementing monetary and political union, pressures only a strong "social pillar" could withstand. Christian Democrats, and social democrats, favour consensual industrial relations, on the German model, from which the treaty's social chapter draws its inspiration.

THE SUMMIT

DAY 2

The chapter – revised early yesterday – is now tightly hedged by a strengthened "subsidiarity" clause. This means that the EC, in its efforts to improve working conditions, and provide adequate protection of workers' rights to information, social security, employment contracts and against discrimination, must prove that national governments could not do this better.

The Dutch compromise contains a modest list of areas which would be subject to majority vote in the Council of Ministers, as health and safety measures are now. These cover "working conditions...to protect workers' health and safety in the working environment" – a more tightly drawn definition to cover UK concerns. The "consultation" of workers has been moved to the list of measures where the UK would retain its veto, leaving the right to corporate "information" in its stead. Social security, protection of redundant workers, "consultation" and "co-determination" (union involvement in corporate decision-making), and conditions of employment for non-EC nationals are all issues which would be settled unanimously.

The UK got a treaty commitment that the European Commission would cost, and detail the effects on employment, of each proposal it makes. But even the compliant Dutch presidency refused to remove a separate article inviting voluntary agreements between capital and labour at Community level, which could replace legislation. "This is part of the hard core as far as we're concerned," a British official said. "It is an incentive to collective bargaining at Community level, which is dangerous; the higher up it is, the more divorced it is from the ability to pay."

The objection goes to the heart of the "social dumping" concerns of Britain's partners – that contracting out of minimum standards offers unfair competitive advantage.

The competition issue would have to be resolved in a let-out clause. As Mr Jacques Delors, Commission president, put it last week, a social opt-out for Britain would set up "one country as a paradise for foreign investment, particularly Japanese investment."

The legal position is even more tangled. The UK cannot renege on existing social legislation, yet so much of EC legislation is an updating of existing laws. How can "old" directives be separated entirely from "new" ones? And since the UK remains a member of the EC, a Dutch official asked, could a British union be stopped from taking the government to the European Court of Justice for failing to implement Community laws?

The political effect within Britain of a new opt-out is not yet the issue – because it was far from clear last night whether it could be achieved, or would be acceptable to either side. What was clear was that social policy risked scuttling the treaty.

# Defence identity takes shape

By **Robert Mauthner and David Gardner**

FOREIGN ministers of the nine-nation Western European Union (WEU) defence grouping were last night close to agreement on giving Europe a new defence identity.

They have also agreed in principle to admit Greece to the WEU and to allow Turkey "full participation" in its activities, although this would fall short of formal membership.

The declaration by the ministers will make clear that the WEU will be open to all members of the future European Union. Negotiations on both Greece's membership and Turkey's special status are due to be completed by the end of 1992.

Greece had made its assent to the political union treaty conditional on membership of the WEU.

All EC members belong to the WEU, except Greece, Ireland and Denmark.

Although Turkey's participation will in practice be indistinguishable from full membership, it will probably not benefit from the automatic mutual defence guarantees contained in the WEU treaty. The exact nature of the mutual defence arrangements between the WEU and Turkey is to be negotiated.

The precise wording of the WEU's relationship with the European Union and the North Atlantic Treaty Organisation still remained to be finalised.

But it was clear that the compromise would cover both Britain's concern that Europe's defence pillar should be fully compatible with Nato's responsibilities for European defence, and the desire of most other EC members that the WEU should become the defence arm of the Community.

The proposed text states that the WEU "will be developed as the defence component of the European Union and as the means to strengthen the European pillar of the Atlantic alliance."

The formula is understood to take account of British demands that the WEU should be an autonomous organisation. policies.

# Kohl's enthusiasm carries doubters on decision day

By **David Marsh** in Maastricht

CHANCELLOR Helmut Kohl has handled the Maastricht summit with his customary mix of blunderbuss and bonhomie.

On Monday night he showed more enthusiasm than officials in his entourage on the deal to move to European monetary union (Emu) at the latest by 1999.

Mr Kohl even believes that Britain could decide to join Emu as early as 1996.

However, as summit bargaining turned confrontational yesterday, the mood in the German delegation became sombre. Mr Kohl insists that the EC has now taken an "irreversible" road to monetary union.

But there is still some residual German doubt whether EC countries can achieve the necessary degree of economic convergence to make Emu a reality.

In nearly all areas of the political union treaty discussed yesterday, Mr Kohl admits that Bonn wants to go further down the road towards federal European power-sharing than other important members of the Community. Having effectively given his imprimatur on Monday to giving up the D-Mark by the end of the century, Mr Kohl's big problem will be to show the German public that he has won sufficient concessions on political union to make the sacrifice worthwhile.

Unless he can do that, parliamentary ratification of any deal at the summit will appear problematic.

Mr Kohl's most strained relationship is with Britain. German officials showed irritation yesterday with what they termed as Britain's hardline stance on defence.

The chancellor also lined up with France, Belgium, Spain and Italy in criticising Britain's intransigence in the social policy and immigration fields.

But officials also stressed Germany's differences with other countries – with France over extending the powers of the European parliament, with the Netherlands over defence and with Spain and other southern countries over budgetary transfers to the poorer states.

Significantly, Mr Kohl has gone out of his way to praise the more positive negotiating style of Mr John Major compared with Mrs Margaret Thatcher. The German view is that Mr Major showed considerable elegance in his opening statement to the Council on Monday by stressing the points on which Britain agreed with the other 11. Mr Kohl was favourably impressed by the contrast with the "hammer-swinging" approach of Mr Major's predecessor.

A different – and still more difficult hurdle – for Mr Kohl stems from the mood of public opinion at home. The German press this week has kept up its new-found misgivings about the move eventually to replace the D-Mark by the Ecu.

The daily Frankfurter Allgemeine Zeitung, the flag-carrier of the heavyweight German right, charged on Monday that the "quality" of German economic policy would change as a result of Emu.

"Experience shows that, at the European level, resistance to inflation will grow smaller," the paper wrote.

# 'Fast forwards' relish their victory in battle over Emu timetable

By **David Buchan** in Maastricht

THE scale of the victory by the proponents of "fast forward" movement towards economic and monetary union (Emu) became clearer yesterday, even though this accord hangs on a political union deal.

Not only will the third and final stage of Emu start definitely by January 1 1999, but the European Central Bank (ECB) will also be set up by July 1 1998, or at least six months before a single currency comes into being.

To most people, seven years will seem a pretty leisurely timetable. But it will now be finite. Until this week, it had appeared likely that the European Community might try to create Emu at two-year intervals, starting in 1996 but, theoretically, continuing almost ad infinitum. Now, there will be a single currency by 1999 and the only remaining question is how many countries will share in it.

This is also a triumph for Mr Jacques Delors, the Commission president, who chaired the Emu study by central bankers which in 1989 laid the blueprint for the currency union. Mr Delors would have loved to set a final date for a single currency; but his Emu committee did not dare do so because that tactic had been so discredited by the EC's failed attempt in 1970 to create Emu by 1980.

The victor's laurels go chiefly to France. Its finance minister, Mr Pierre Bérégovoy, led – in the self-serving words of his spokesman – "a very well-conducted tactical battle". Victory was assured, he said, when "Germany totally backed us from the moment we made it clear we would not be lax on implementing the criteria for countries to get into Emu".

The key new change lies not in the convergence criteria themselves. To pass to the single currency, states must still:

- Get their inflation rates to within 1.5 percentage points – and long-term interest rates to within 2 percentage points – of the rates of the EC's three best economic performers.
- Keep their currencies within the narrow (plus or minus 2.25 per cent) fluctuation band of the exchange rate mechanism.

But the new decision-making procedure gives these criteria added weight. EC leaders have said that, in 1996, a majority of the 12 states must be economically fit for Emu, if a currency union is to go ahead. But later no such "critical mass" is required; all EC leaders have to do in mid-1998 is to decide which countries are ready for Emu that will, in any case, begin six months later. This number is likely to be at least three – because of the reference to the three best EC performers in the convergence criteria – but it might be no more than four.

Thus, there will less pressure on the 1998 summit to bend the criteria politically, because no minimum quorum of countries has been set for Emu.

**Milestones to the EMU treaty**

April 1957: Treaty of Rome established European Economic Community.
1968: Customs union results in common external tariff.
Oct 1970: Council of Ministers sets up Werner Committee to examine closer monetary co-operation. Committee recommends EMU by 1980.
March 1971: Council of Ministers adopts broad Emu blueprint but international currency crisis prevents implementation.
March 1972: "Snake" formed to keep participating EC currencies within a 2.25 per cent band.
March 1973: Collapse of Bretton Woods gold exchange standard.
March 1979: EMS established with Exchange Rate Mechanism and European Currency Unit. European Monetary Fund proposed for 1981, never materialises.
April 1989: Delors Committee calls for three-stage move to full Economic and Monetary Union (EMU).
Oct 1990: UK joins ERM.
Dec 1990: Intergovernmental conferences on political union and EMU start in Rome.
Dec 1991: Britain bows to pressure from EC partners at Maastricht summit to introduce single currency by 1999.
Dec 1996: EC due to decide by this date whether to launch EMU by qualified majority.
July 1998: European central bank due to be set up by this date.
Jan 1999: Third and final stage of EMU due to start.

# Defence identity takes shape

By Robert Mauthner and David Gardner

# Moscow presses IMF to agree special aid programme

THE International Monetary Fund is being pressed by the Russian government to agree a special programme which would funnel billions of dollars of western support into the fragile reform process under way in the largest state of the former Soviet Union, writes John Lloyd in Moscow.

The agreement would mean Russian reform being set within the framework of an IMF programme, with aid conditional on specific actions being taken. It would be the first time such an arrangement was made with a country which is not a member of the Fund – and currently not even a subject of international law.

The pressure from the Russian government rapidly to conclude such an agreement is a gauge of the mounting concern on its part that the process of disintegration now under way is out of the control of any domestic or foreign government. However, there are fears in the IMF and among foreign governments that the Russian reform programme might be flawed, and that ministers might not be willing to change it to accommodate IMF objections.

The Russian reform package, at the centre of which is the liberalisation of prices, has been put back by two weeks to January 2, following talks at the weekend between the Russian, Ukrainian and Belorussian leaders. At the talks Mr Boris Yeltsin, the Russian president, agreed to delay price rises and agreed to supply Ukraine with Rbs16bn-worth of notes to allow it, with Belorussia, to introduce free prices in concert with Russia.

Russian ministers are mostly relieved at the delay since it allows them to do further work on the state budget, designed to be sharply deflationary and to presage many bankruptcies and a surge in the still-low unemployment figures.

Separate parts of the total reform package have already been enacted – for example, the adoption of a 28 per cent rate of value added tax on goods sold at free prices, and 21.88 per cent on goods whose prices remained controlled.

However, Mr Yeltsin is under increasing pressure to change the package radically, even to dismiss his recently appointed government. The pressure comes from Mr Alexander Rutskoi, a vice-president who has been outspoken in his criticism of Mr Yeltsin's reform plan, and from such figures as Mr Mikhail Malei and Mr Yevgeny Saburov, ministers in the former cabinet who are now advisers to the Russian president.

In Tokyo yesterday Mr Grigory Yavlinsky, deputy chairman of the inter-republican Economic Committee, said: "We are very worried that the removal of price controls will spark hyper-inflation."

The Russian government hopes the conclusion of an IMF agreement to observe the conditions of its programme would release credits to provide imports of food, debt repayments and a stabilisation fund to make the rouble convertible.

The sums which would be needed have not yet been fully worked out, but would be substantial – about $15bn (£8.4bn) a year, according to informed sources. However, foreign advisers in Moscow believe this will be the upper limit of what will be given, with probably a lower figure being provided by foreign governments.

If the IMF agreement is made, the World Bank – which, like the Fund, has established a permanent office in the capital – may also be able to provide parallel funding for the Russian federation on programmes of structural adjustment; for example, assisting in the privatisation of agriculture and industry.

Both institutions are now building links rapidly with the former Soviet republics, and may enter into negotiations with Ukraine and other states on similar aid packages. However, the experts and staff of these institutions are aware that perception of the problem's urgency differs between Moscow and western capitals.

# German deadlock over VAT

CRUCIAL negotiations on tax reform between the two chambers of the German parliament broke down last night after total disagreement between government and opposition over plans to increase Vat in 1993, writes Quentin Peel.

No new date has been fixed for negotiations to resume, and plans for increased family allowances, and decreased company taxation, from January 1, are now in jeopardy.

Mr Theo Waigel, finance minister, said the conciliation committee attempting to thrash out a compromise between the Bundestag, dominated by the ruling coalition, and the Bundesrat, in which the Social Democrat-controlled federal states have a majority, had reached a stalemate.

# Ukrainian deputies throw weight behind Minsk treaty

By Chrystia Freeland in Kiev

AFTER applauding the newly elected Ukrainian president's blistering criticism of Mr Mikhail Gorbachev, Ukrainian MPs have ratified the treaty to form a commonwealth of independent states hammered out in Minsk over the weekend.

From the parliamentary debate it was apparent that Ukraine primarily sees the commonwealth as an exit from an undesirable union, rather than an entrance into a new association.

The Ukrainian vote will undermine Mr Gorbachev's criticism of the commonwealth as a backroom deal with no broad-based political support.

In ratifying the treaty by a 28 to 10 vote, the Ukrainian deputies made a number of alterations which will further weaken the already loose association and place Ukraine in a position to leave the commonwealth altogether if it chooses to do so.

Even fiercely nationalistic politicians like Miss Larysa Skoryk supported the agreement as a means of gracefully leaving the union. "I think that at the current moment this is a very wise and wily move," she said. "With a single stroke we will bring an end to the union and protect ourselves from Russian aggression."

The most significant changes the Ukrainian parliament introduced ... emphasise Ukraine's right to form its own army and altered the control of nuclear weapons. The Ukrainians, who plan to dismantle all the nuclear weapons on their territory, would like the right to drop out of the military-strategic space created by the association after they have destroyed all nuclear missiles.

The Ukrainians also strengthened border guarantees. They will ask Russia to guarantee its borders with Ukraine, regardless of whether Ukraine is a member of the commonwealth.

An almost imperceptible but crucial amendment transferred responsibility for minorities from joint responsibility to individual responsibility of each member state. For the Ukrainians this is protection against Russia's increasingly vocal sabre-rattling on the issue of Russian minorities in other republics.

Ukrainian MPs also insisted that all decisions within the commonwealth should be achieved by consensus. They said the treaty should come into effect from the moment of the exchange of ratified documents, which should take place in the city of Minsk.

Even as it voted to join the fragile commonwealth, the Ukrainian parliament continued to lay the foundations for independence. Parliament passed a law obliging Ukraine to abide by international agreements on human rights, including the Helsinki accord and the Paris Charter, as well as strengthening Ukraine's already impressive guarantees for foreign investors.

# US keeps a wary eye on Red Army

**The administration is watching events in the former Soviet Union with mounting alarm, writes Lionel Barber, US Editor, in Washington**

THE US is watching the break-up of the Soviet Union with mounting alarm, with concern focusing on how the Red Army will respond to events.

Mr Robert Gates, CIA director, yesterday predicted that this winter would see the worst civil disorder since the Bolsheviks consolidated power after the 1917 revolution. The situation was "dangerously unstable," he said.

Mr Gates' warning reflects official unease about the projected commonwealth of former Soviet republics led by Russia announced last Sunday. President Mikhail Gorbachev's vehement objections to it and the resulting power struggle in Moscow have compounded US concern.

The crisis in Moscow means that next week's trip to the Soviet Union by Mr James Baker, US secretary of state, is taking on critical importance. He will hold talks with leaders of Russia, Ukraine and Belorussia – the three Slavic republics which initially form the commonwealth – and the dwindling central authorities in Moscow led by Mr Gorbachev, assuming he survives.

Until last Sunday's dramatic announcement, the administration had been pinning its hopes on Mr Boris Yeltsin, the Russian president, finding a *modus vivendi* with Mr Gorbachev which would ensure a minimum of political stability this winter.

It was always a gamble, but the administration was willing to take the risk given the huge economic difficulties facing the country and the desire for some continuity in Soviet foreign policy.

Officially, US policy remains unchanged. But it appears to have been overtaken by the whirlwind of change over the past fortnight: first, the overwhelming vote by Ukraine in favour of independence 10 days ago; second, the past week's effort by Mr Yeltsin to reach a political deal with President Leonid Kravchuk, the newly-elected Ukrainian leader.

US officials said they had no objection in principle to working with the projected commonwealth. Indeed, the US welcomed the three republics' public pledge to safeguard the rights of minorities and respect borders and international treaties – the precondition for future co-operation.

However, officials remain concerned about how the new entity intends to assume political control over the 4m-strong Red Army.

Ever since the arrest of President Gorbachev during last August's abortive coup, US officials have been working frantically to find ways of keeping the Soviet nuclear arsenal under central control.

Despite the three republics' support for joint control of military authority and nuclear forces, questions remain about the lack of political authority over the military chain of command.

Mr Gates told the House Armed Services committee yesterday that inflation and unemployment, created by the prospective move to a market economy, could provoke a coup. "The possibility cannot be ruled out that such circumstances could produce a return to authoritarian government," he said.

Lastly, Mr Yeltsin's deliberate exclusion of Mr Gorbachev from discussions on the new entity has raised doubts once again in Washington about the Russian leader's judgment.

These doubts have been fuelled by his failure to consult Mr Nursultan Nazarbayev, the powerful Kazak leader. The weekend proclamation that the old Soviet Union stood dissolved was seen as in some quarters as provocative.

Mr Dmitri Simes, a Soviet expert at the Carnegie Endowment Institute, pointed out in Mr Yeltsin's defence that he might have had no choice. "Sacrificing Gorbachev could well be the price the Ukrainians asked for joining. Remember, Gorbachev is seen in the Ukraine as the symbol of Soviet imperialism," he said.

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## INTERNATIONAL NEWS

# Japan's business confidence declines sharply

By Stefan Wagstyl in Tokyo

BUSINESS confidence in Japan is declining sharply amid growing concern about the outlook for demand, capital investment and profits, according to a report published yesterday by the Bank of Japan.

In its latest short-term economic survey, the central bank said there had been "quite a big change" in sentiment since the previous survey in September. Business sentiment of both manufacturing and non-manufacturing companies remained positive but was forecast "to deteriorate further in the coming months".

The report, a widely-followed measure of economic conditions, prompted renewed calls from industry for a cut in interest rates.

Mr Gaishi Hiraiwa, the chairman of Keidanren, the employers' organisation, yesterday urged the government to press for a further cut in interest rates.

In a meeting with Mr Kiichi Miyazawa, the prime minister, Mr Hiraiwa said that if the economy deteriorated further then stimulative measures would be necessary.

The central bank's report sparked a rally in bond prices. But, with its gloomy predictions about profits, the survey did nothing to reassure investors in the stock market, where the Nikkei average of leading shares fell 399 points to 21,953.

According to the Bank of Japan's survey, based on a poll of corporate managers, the index of confidence of large manufacturing companies fell 14 points to 13, compared with 42 at the beginning of 1991. For non-manufacturing companies, the decline was slightly less severe with the index slipping from 40 in the September report to 31.

Smaller companies also believe that a slow-down is on the way, with the index of confidence declining from 21 to 9 for small manufacturing businesses and from 27 to 18 for non-manufacturers.

"These are quite large declines but the indices are still positive," said a central bank official.

# Mitsubishi charged over art purchases

By Robert Thomson in Tokyo

MITSUBISHI Corporation, the giant trading house, was charged by Japanese police yesterday for dabbling illegally in the art market by purchasing two works of Auguste Renoir on behalf of a Buddhist group.

The Mitsubishi case has become a symbol of the punctured Japanese passion for purchasing high-priced western art. The passion had been stimulated by the proceeds of stock and property speculation in the late 1980s, when some Japanese investors considered French Impressionists to be as certain a source of profit as an Osaka condominium.

Japanese police also charged two art dealerships, Art France and Tachibana, with violating the Antique Dealings Law by selling the Renoirs, After the Bath and Young Girl Reading, to Mitsubishi, which did not hold the required art licence.

Mitsubishi admits violating the law and said the paintings were bought for Y3.6bn (£15.5m) in March 1989 on behalf of Soka Gakkai, a Buddhist lay organisation.

A Mitsubishi manager said: "We deeply apologise for our behaviour. We committed the offence because we were unware that the law required us to have a licence. We have made changes to our management system and the problem will not arise again."

Mitsubishi said yesterday that it now has no interest in dealing in works of art.

# EC offer on farm subsidy cuts 'still not enough'

By William Dullforce in Geneva

FARM SUBSIDY cuts offered so far by the EC were insufficient, Mr Rufus Yerxa, deputy US trade representative, said here yesterday. Genuine efforts were being made by the EC and US to bridge their remaining differences; the US was prepared to "see the process moved into high gear" within days, but "the EC will have to put more on the table," he added.

He was putting the US position after four weeks' talks in Brussels, The Hague and Washington between the US and EC had failed to break the farm reform deadlock which has jeopardised the Uruguay Round trade talks.

Talks continued in Brussels yesterday between Mr Richard Crowder, US farm under-secretary, and Mr Guy Legras, EC agriculture director-general.

Earlier, EC officials said fresh top-level political instructions would be needed to achieve a breakthrough and President Bush was expected to intervene.

Mr Yerxa said Mr Bush was "very involved", exploring every avenue to achieve breakthroughs. But the president was making it clear the US was not ready to accept a bad outcome, and needed to achieve large trade reforms, including agriculture. Any rumour the US was prepared to end the talks was inaccurate, Mr Yerxa added.

Mr Arthur Dunkel, Gatt director-general, has urged resumption of the farm talks in Geneva this afternoon or tomorrow. These would take place "at the Crowder-Legras level" and Mr Jules Katz, deputy US trade representative, would be in Geneva, Mr Yerxa said. But the EC would have to offer deeper export subsidy cuts. All farm import barriers, without exception, had to be converted into tariffs. A clear definition of which domestic supports to farmers would be allowed was needed; otherwise room would exist for evasion.

Congress would address changes in US Section 22 legislation which maintains quotas on US imports of peanuts, sugar, dairy products and cotton only in the context of a satisfactory overall accord which included comprehensive tariffication. Brussels' "rebalancing" demand under which it would be allowed to keep on restricting non-grain feedstuff imports was out of the question.

In Brussels, Mr Ray MacSharry, EC farm commissioner, said the EC had cut its demand to a level to affect only 10m tonnes of grain substitutes instead of the 60m tonnes originally sought.

Referring to a Brussels plan to boost competitiveness of the EC electronics industry by increasing public spending on R&D, Mr Yerxa said such an announcement was ironic when the US and EC were discussing enhanced farm subsidy disciplines.

Strong disagreement already prevailed in industrial subsidy talks in the Uruguay Round; the US would not condone such practices. A result in services was achievable, he added. The US needed a high level of liberalising pledges from other countries and an accord setting out rules. Other areas of the Round were "poised for final trade-offs".

Call for release of Aung San Suu Kyi on Nobel prize day

# Burmese troops confront students

By Our Foreign Staff

BURMESE troops surrounded Rangoon University yesterday when students held a rally to call for the release of Aung San Suu Kyi, the Burmese opposition leader and 1991 Nobel peace prize winner who has been under house arrest since July 1989.

In Oslo, Mr Alexander Aris, the 18-year-old son of Aung San Suu Kyi, accepted the Nobel prize on her behalf. He said in his acceptance speech: "The Burmese people can today hold their heads a little higher in the knowledge that in this far distant land their suffering has been heard and heeded." The ceremony was also attended by her husband Mr Michael Aris, a British academic, and their other son Kim, who is 14.

The student rally was the most significant protest against the country's authoritarian government since Aung San Suu Kyi was arrested. Armed Burmese troops surrounded the campus and later dispersed a crowd of about 2,000 people who had gathered outside the university.

Reuters news agency quoted the Japanese foreign ministry as saying that about 700 students had gathered on the campus.

The Japanese ministry said some students outside the university hurled stones towards riot police but it was not clear what happened to them afterwards.

The Japanese embassy said university authorities closed the gates when the students started their protest, apparently to prevent others from entering the campus.

As security forces dispersed the crowd at about 2.30pm some 50 students outside the campus shouted "do ahye, do ahye", a slogan popular during the 1988 uprising for democracy meaning "our struggle", the diplomat said.

# Biwott freed due to lack of evidence in murder case

By Julian Ozanne in Nairobi

MR Nicholas Biwott, the former Kenyan cabinet minister, who was arrested two weeks ago in connection with the murder of a former foreign minister, was released from police custody last night.

Another former government official was charged with the murder.

The release of Mr Biwott is likely to inflame political passions in Kenya. The pro-democracy opposition have alleged that the government would never charge Mr Biwott, once the second most powerful man in the country.

The opposition have suggested that he might implicate other high level government officials in any testimony on corruption, the issue thought to be the motive behind the murder last year of Dr Robert Ouko, the then foreign minister.

Mr Philip Kilonzo, the commissioner of police, said last night that he had to release Mr Biwott and Mr Hezekiah Oyugi, a former permanent secretary in the Office of the President, because he had not "as at this stage, found sufficient evidence to justify their arraignment in court".

Both men were named as prime suspects in the murder last month by a Scotland Yard detective giving evidence at an inquiry into Mr Ouko's death.

# Right-wing writer Buchanan to run against Bush

By George Graham in Washington

MR Patrick Buchanan, the right-wing US political commentator, yesterday launched his bid to return to the White House where he has served as speech-writer to three presidents.

Mr Buchanan announced that he would challenge President George Bush for the Republican party's nomination in the New Hampshire primary next February.

"Why am I running? Because we Republicans can no longer say it is all the liberals' fault," Mr Buchanan said. "Ten weeks in New Hampshire, just me against the president of the United States. Pat Buchanan representing the conservative cause against a president who has walked away from it."

The bulldog-jawed Mr Buchanan, who has never run for office before, has become perhaps the most visible spokesman for the right wing in the US with his newspaper column and regular appearances on television talk shows.

He acknowledges that it will be "almost impossible" to beat the incumbent president, although opinion polls show that even before declaring his candidacy, he appeared likely to win more than 15 per cent of the Republican vote.

Mr Buchanan said his only hope of winning the nomination was to force Mr Bush out of the race.

But his candidacy could weaken the president by deepening an ideological rift in the Republican party on economic policy, on the US's posture in world affairs, and on social issues such as abortion.

Mr Buchanan's attack on Mr Bush yesterday focused on the president's abandonment in 1990 of his pledge not to raise taxes, and on his recent acceptance of a civil rights bill – two areas where the Republican right wing has accused him of selling out. He also called for a sharp cut in the US military presence overseas and for a "new nationalism" in trade negotiations.

The tax issue, in particular, could win him strong support in New Hampshire, which cultivates a fierce resistance to taxation.

Mr Buchanan tackles many of the same issues as Mr David Duke, who last week declared his candidacy for the Republican nomination but will not be running in New Hampshire.

He could be vulnerable to some of the same accusations as Mr Duke. He has not managed entirely to shake off charges of anti-semitism levelled at him last year. "I'm not going to walk away from my views simply because David Duke takes them," he said.

Mr Buchanan has the backing of the Manchester Union Leader, a conservative New Hampshire newspaper which some analysts give credit for Mr Ronald Reagan's primary win over Mr Bush in 1980.

# Efta signs deals with E European states

By Frances Williams in Geneva

MINISTERS from the seven nations of the European Free Trade Association (Efta) yesterday signed trade co-operation accords with the three Baltic states, Bulgaria and Romania, paving the way for negotiations of free trade agreements between Efta and the five former Soviet bloc states.

Efta – whose members are Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland – expects to complete early next year free trade pacts with Poland, Hungary and Czechoslovakia which will provide for free circulation of industrial goods and a limited range of agricultural products. Negotiations will have taken only 18 months from the signing of trade accords in June 1990.

Free trade agreements with the Baltic states, Bulgaria and Romania will take longer to put in place, because their economic reforms are less advanced, Efta officials say.

For these countries, closer ties with Efta represent an important step towards eventual membership of the European Community as well as a much-needed immediate fillip to trade.

Once they are in operation, the free trade agreements should qualify Poland, Hungary and Czechoslovakia to join Efta, through which they would be able to apply for membership of the European Economic Area (EEA), the giant free trade zone agreed by the EC and Efta in October.

Participation in the EEA, which is due to take effect in 1993 if the European court gives the green light next week, requires countries to be members of either the EC or Efta.

Poland, Hungary and Czechoslovakia last month concluded separate trade agreements with the Community which envisage eventual EC membership some time after the year 2000. The EEA, which extends to Efta nations the Community's single market in goods, services, capital and labour, could prove to be a faster route for them.

# Can you spot the typical European?

The concept of a "typical European" – an abstract man-in-the-street sometimes used as a basis for corporate strategic planning – is rooted in a misunderstanding.

**Even within the Common Market, Europeans aren't all alike.**

Indeed, the closer you look at the New Europe, the more clearly its complexities stand out.

This is due not only to obvious historic, linguistic, cultural and economic causes. It also reflects a tendency towards greater structural differentiation.

This trend will no doubt intensify in view of the desire on the part of some EFTA countries to join the EC and given the recent decision to create the European Economic Area (EEA).

And ultimately, the success of economic reform in Central and Eastern Europe will also have a substantial impact.

Among other things, the more liberal environment in the future could lead to a merger of national economic centers into larger, regional markets, without regard to internal political boundaries.

Markets for goods and services will change, and there will be an increase in the international division of labor. And of course, competition will heat up.

Dynamic companies who wish to consolidate or expand their positions in the New Europe will be dealing not only with one of the most interesting of the world's regions, but also with one of its most complex marketplaces.

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UK NEWS

# UK satellites to carry electronic research tests

By Daniel Green

BRITAIN'S next satellites to be sent into space will contain a set of electronic research experiments, a parliamentary space committee revealed yesterday.

Two satellites have been built by the Defence Research Agency, part of the Ministry of Defence and formerly Royal Aircraft Establishment.

They will carry out tests on solar cells, space computers, and electronics built to resist cosmic and solar radiation and electrical discharges.

The aim of the research is to improve the performance of geostationary satellites, which suffer the rigours of outer space for years on end. Geostationary satellites are usually for communications.

There were suggestions from the aerospace industry yesterday that experimental solar cells were made from gallium arsenide, a compound that replaces silicon in microchips.

Both new satellites should be launched on the same Ariane 4 rocket in mid-1993 from Kourou in French Guiana. The exact date is being negotiated with Arianespace, the multinational space transport company based in Paris.

Wholly British satellites are uncommon. Apart from the Defence Research Agency, only the University of Surrey and satellite television broadcasters have launched them.

Because the two UK satellites are small, 50 kilograms, compared with a payload on Ariane 4 of up to 4200 kilograms, the launch costs are low. Industry sources yesterday said that a 50 kilogram satellite would cost $250,000 to launch. The cost of construction is about £500,000.

Most UK equipment goes in satellites assembled by the European Space Agency. The ESA has an experiment on the UK satellites.

The experiments on the two UK satellites will examine the effects of the earth's natural radioactive belts on electronic components. They will test a method of reducing the electric charges that build up on a satellite and which can, over a period of years, damage its working parts.

Since a satellite cannot earth the charge in a way a body near the planet's surface can the charge will be transferred to a separate body which will then be jettisoned.

# Barclays to launch code for business

By David Barchard

BARCLAYS BANK, the largest of the "Big Four" clearing banks, yesterday launched a code of business banking to govern relations with its small business customers.

Its appearance means that all the large banks have now published their guidelines for small business customers. The moves follow widespread accusations last summer against the banks of over-charging their business customers and providing an inadequate service to them.

The bank claimed yesterday that the code met requirements demanded last summer by the chancellor of the exchequer and went beyond them in several respects.

Barclays promises its customers that overdraft, loan agreements, and tariffs will always be confirmed in writing and that the bank will give one month's written notice of any changes on interest margins.

One month's notice will be provided for any change in tariffs and by the middle of 1992, most customers will have been given a detailed breakdown of charges. This will be followed by an indication of likely overdraft charges. Barclays is spending £3m over a year-long period to adapt its computer systems.

Under Fire: The Territorial Army – made up of volunteer part-time reservists – is to have its strength reduced by about 10,000 to 63,500, Mr Tom King, defence secretary, announced yesterday, David White writes. But he sugared the pill by promising to give the TA a more prominent role and to ensure that it is properly funded. The announcement had been expected. Although it means TA battalions face a series of amalgamations, the reduction is less severe than was at one stage feared by senior TA officers. Reorganisation measures in the RAF were announced by Mr Archie Hamilton, armed forces minister. Two bases – the RAF Wattisham fighter base in Suffolk and RAF Mount Batten in Devon – will close. The famous Dambuster Squadron, number 617, is being reassigned to an anti-warship role. Picture by Ashley Ashwood.

# Fresh court move over ITV auction

By Robert Rice

THE uncertainty surrounding the validity of October's ITV licence auction increased yesterday when TVNi, the unsuccessful bidder for the Northern Ireland franchise applied for a judicial review of the Independent Television Commission's decision to renew Ulster Television's licence.

The TVNi announcement follows the Court of Appeal's decision last Thursday giving TSW Broadcasting the go-ahead to challenge the ITC's decision not to renew its franchise for the south-west region.

The second legal challenge to an ITC ruling increases substantially the chances that the new ITV network will not be in place by the beginning of 1993, the date the new franchise winners are due to start broadcasting.

The ITC would not comment on TVNi's action but pointed out that Lord Donaldson had made it clear in granting TSW's application for judicial review that he viewed the TSW action as a test case and not an invitation to other franchise losers to jump on the bandwagon. Former bidders have until January 16, three months after the date of the original ITC decisions, to lodge an application for judicial review.

# WHAT DO YOU CALL AN INTERNATIONAL OIL COLOSSUS THAT'S ALSO FRANCE'S BIGGEST INDUSTRIAL GIANT?

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OUR DEDICATION GOES FURTHER

# Forging group lifts exports to Germany

By Ian Hamilton Fazey, Northern Correspondent

SHEFFIELD Forgemasters, one of the British companies involved in making the Iraqi supergun, has achieved a 50 per cent increase in exports to Germany since its role in the affair became known, taking a 40 per cent share of Germany's forging ingots market in the process.

The two events are not being connected by the company, which says the dramatic increases are simply the result of opening a subsidiary sales and marketing company in Dusseldorf, instead of using agents or trying to sell directly from Britain.

However, the supergun affair publicised Forgemasters' ability as one of the few companies in the world capable of making parts of sufficient quality to withstand the pressures involved in firing the gun. Executives admit privately this has done no harm.

Forgemasters' German sales are expected to rise to about DM27m when its financial year ends next March, compared with DM18m in 1990-91. A further increase of 20 per cent is projected for 1992-93.

The company says exports are proving significant in helping it ride the UK recession.

The Dusseldorf office opened in September last year, five months after a consignment of large steel tubes for the supergun were seized by Customs officers at Teesside docks before they could be shipped to Iraq.

The company has always said it believed the tubes were for a high-pressure petrochemicals project and could prove the contract had British government approval as such.

Charges of breaking an arms embargo were never brought.

Forgemasters was bought by its management for £25m from British Steel in 1988 and is at present for sale to provide an exit route for financial institutions which supported the buyout. More than one buyer is believed to be considering an offer. The price is unlikely to be less than £80m and may be £100m. The company made £17.6m profit last year on sales of £142.7m.

UK ECONOMY

# Weak demand signals slowing of core inflation

By a Financial Times reporter

UK CORE inflation continued to slow last month, according to official figures published yesterday which illustrate the weak state of demand and the pressure on manufacturers to reduce prices.

According to the Central Statistical Office (CSO), the price of manufactured products at the factory gate rose by 0.4 per cent between October and November and was 5.1 per cent higher last month than in November 1990. In October, the year-on-year price increase was 5.2 per cent.

Although the November number was slightly higher than many in the City had expected, the figure supports the government's contention that inflationary pressures are being squeezed from the economy.

Ministers hope that the fall in the year-on-year rise in factory gate prices to its lowest level since October 1989 will encourage manufacturers to invest, in a move which could help the expected recovery.

According to another series of figures worked out by the CSO, which is thought to give a better idea of underlying trends, the fall in inflation is still greater.

Producer prices for manufactured goods other than food, drink and tobacco increased by just 4 per cent last month compared with November 1990. This measure of producer price inflation showed a 4.1 per cent year-on-year increase in October after having fallen sharply since the beginning of this year, when annual price increases of 6.5 per cent were recorded in this statistical series.

Output prices in the food, drink and tobacco industries rose by an above average of 7.1 per cent last month compared with November 1990 after a 6.9 per cent annual increase in October.

City analysts believe that downward pressure on UK industry's output prices will continue. Mr Michael Saunders, UK economist for Salomon Brothers in London, said slow economic recovery and slowing wage growth should push the annual rate of output prices, excluding food, drink and tobacco, towards 3 per cent early next year and therefore close to recent output price inflation in Germany.

Prices of materials and fuel purchased by manufacturing industry were 0.4 per cent lower in November than in November last year. In October and September, input prices had been respectively 1.8 per cent and 3 per cent below the levels of the comparable months of 1990.

Input price trends were adversely affected by higher food prices. The input price index rose by a seasonally adjusted 0.4 per cent between October and November, whereas City analysts had generally been looking for a 0.5 per cent drop over the month and 1.2 per cent year-on-year decline in November.

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# Report urges mortgage aid for low income homebuyers in UK

By John Willman, Public Policy Editor

MORE THAN 300,000 homebuyers on low incomes should be entitled to help with their mortgage payments, according to a report published yesterday by the Joseph Rowntree Foundation.

It says that a mortgage benefit scheme would help low-income homebuyers in mortgage arrears and reduce the number of repossessions.

It would also make a cost-effective contribution to lifting the economy out of recession by stimulating the depressed housing market.

The report highlights the rising tide of mortgage arrears: more than 220,000 homebuyers were over six months' behind in their mortgage payments in the middle of 1991. And almost one in ten homebuyers were two or three months behind with their mortgage repayments.

Tenants on low earnings are currently entitled to claim housing benefit which covers part or all of their rent. And unemployed homebuyers on income support are given 50 per cent of their mortgage interest for 16 weeks and 100 per cent thereafter.

But people in work buying their own home are not entitled to assistance with their mortgage costs. The report argues that with the growth in home ownership during the 1980s spreading owner-occupation down the income scale, a safety net is needed for home-owners who fall into difficulties with their mortgages.

The proposed mortgage benefit scheme would assist some 320,000 home owners, most with net incomes lower than £13,000 a year (gross income around £16,000 a year). The amount of mortgage interest qualifying for benefit would be limited, to discourage irresponsible borrowing – the report recommends that the cut-off point for getting 100 per cent of mortgage interest paid should be £70 a week. Claimants with large mortgages would receive no benefit above the first £175 a week of their repayments.

Apart from giving a "fairer deal" to such people, the report argues, a mortgage benefit scheme would close the "employment trap" which discourages unemployed home-owners from taking a job.

*Time for mortgage benefits. Steven Webb and Steve Wilcox. Joseph Rowntree Foundation. £7.50.*

# Plan to parcel up home deliveries

**Diane Summers** looks at reactions to the Post Office's new proposals

BETWEEN 6 am and 8 am, milk, newspapers and post – each with their separate workforces and delivery costs – are individually brought to the doorstep.

Now, this peculiarly British expectation of individual home deliveries has received a jolt. The Post Office, as part of a plan to meet financial targets set by the government, is discussing a range of radical options. They include abandoning second deliveries to people's homes, and combining mail with newspaper and milk deliveries to increase revenue.

The proposals, outlined in a confidential memorandum by senior Post Office managers and disclosed in the Financial Times yesterday, have drawn a swift reaction from consumers, trade unions and other interested parties.

Mr David Daniel, secretary of the National Federation of Newsagents, which represents 30,000 independent newsagents throughout Britain, said a move to get Post Office staff to deliver newspapers would be resisted "very vigorously". The federation fears that newsagents, as well as wholesalers, might end up being cut out completely, with newspapers being delivered straight from the publishers.

Losers would also include the 500,000 paperboys and papergirls who earn about £15 a week from deliveries, Mr Daniel said. In spite of what the federation describes as "the creeping blight of continental school hours" – earlier starts to the school day – recruitment of schoolchildren for deliveries remains healthy in most areas. About half of all newspapers are still delivered to homes.

The Union of Communication Workers, the main union representing postal workers, points out that mail, milk and newspaper deliveries are already combined in some rural areas. That may even be extended – the UCW said it knew of postmen in remote areas who transported sheep in their vans.

Mini-buses used to deliver the mail and carry passengers at the same time have been in operation since 1967 and now cover more than 170 routes in remote areas where there is no other public transport.

The union emphasises that the Post Office is the only organisation to deliver to 23m households each day, and adds that it is "happy to explore ways of extending helping those who can't get services in any other way".

New technology, such as the CFC sorting machine above, could revolutionise services

The union is also anxious to pre-empt any attempt by the Post Office to offload expensive rural services which might lead to milk delivery companies, for example, getting the franchise to deliver the post.

Senior Post Office managers are not seriously suggesting that it would be practicable to combine the delivery of mail, milk and newspapers everywhere. Rather, they want to stimulate an entrepreneurial approach at local level that might raise revenue annually of up to £2m.

But they are serious about the item at the head of a list of the top 10 cost-saving measures: single deliveries to domestic addresses. Senior executives estimate that this might save £80m a year in wages and a further £100m over five years in assets.

The internal memorandum states that the move to single deliveries is "absolutely essential but with political implications". No move is expected until well after the general election, but it is very likely that the idea will be revived in some form after that if the Conservatives win.

The Communication Managers' Association, which represents supervisory grades of Post Office staff, said yesterday it was "acutely aware that the outcome of the next general election will have an important effect" on Post Office services. Mr Terry Deegan, general secretary, said the association "would welcome a sensible discussion about future service options, although it is opposed to any enforced changes resulting from government-imposed financial targets."

The UCW is clear about its opposition to single deliveries. The potential for job losses among the 150,000-strong workforce is far-reaching. The internal Post Office memorandum says: "We will need some means of getting people off the payroll and we are already carrying surplus staff now in some delivery offices."

The union also says there is widespread public opposition to cutting deliveries: "If it ain't broke, don't fix it."

The Consumers' Association, however, does not write the proposal off. Ms Sue Bloomfield, a senior CA policy officer, said yesterday a single delivery might be acceptable to consumers if there were some trade-off, for example in lower stamp prices.

Sir Bryan Nicholson, Post Office chairman, said in September he could imagine "the scenario where the public would want a different pattern of service." That might include one delivery a day.

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# City of Oslo

**(Kingdom of Norway)**

**NOK 250.000.000**

**10% Bonds due 1996**

NOTICE OF REDEMPTION

To the Holders of The City of Oslo 10% Bonds due 1996.

Notice is hereby given that pursuant to the provisions set forth in the Terms and Conditions of the above described Bonds, NOK 41.670.000 principal amount of the Bonds have been drawn for redemption on January 15, 1992.

**The numbers of the Bonds so drawn are as follows:**

BONDS OF NOK 10.000 EACH

| | | | | | | |
|---|---|---|---|---|---|---|
| 10 | 11 | 14 | 20 | 36 | 38 | 49 |
| 55 | 57 | 68 | 70 | 77 | 91 | 97 |
| 101 | 104 | 107 | 108 | 111 | 112 | 115 |
| 127 | 134 | 139 | 155 | 160 | 188 | 193 |
| 195 | 209 | 213 | 217 | 219 | 228 | 230 |
| 248 | 253 | 265 | 274 | 277 | 278 | 286 |
| 298 | 305 | 309 | 312 | 314 | 315 | 317 |
| 327 | 328 | 344 | 345 | 354 | 356 | 371 |
| 385 | 389 | 390 | 393 | 395 | 398 | 404 |
| 407 | 410 | 422 | 429 | 431 | 446 | 449 |
| 450 | 460 | 465 | 469 | 484 | 486 | 499 |
| 503 | 509 | 511 | 514 | 521 | 522 | 527 |
| 528 | 542 | 543 | 551 | 567 | 571 | 576 |
| 580 | 589 | 590 | 617 | 621 | 635 | 637 |
| 644 | 645 | 646 | 654 | 655 | 659 | 675 |
| 681 | 689 | 696 | 705 | 709 | 726 | 728 |
| 734 | 768 | 772 | 773 | 787 | 799 | 806 |
| 811 | 812 | 819 | 841 | 850 | 854 | 873 |
| 874 | 879 | 884 | 888 | 906 | 912 | 919 |
| 923 | 926 | 927 | 939 | 944 | 945 | 947 |
| 964 | 976 | 980 | 1005 | 1016 | 1017 | 1028 |
| 1035 | 1039 | 1040 | 1041 | 1044 | 1045 | 1046 |
| 1051 | 1057 | 1060 | 1061 | 1062 | 1064 | 1065 |
| 1073 | 1074 | 1080 | 1090 | 1092 | 1099 | 1101 |
| 1116 | 1124 | 1138 | 1148 | 1155 | 1157 | 1160 |
| 1161 | 1172 | 1174 | 1178 | 1189 | 1190 | 1197 |
| 1198 | 1200 | 1209 | 1212 | 1217 | 1222 | 1226 |
| 1227 | 1230 | 1231 | 1232 | 1255 | 1263 | 1266 |
| 1267 | 1279 | 1282 | 1290 | 1291 | 1294 | 1298 |
| 1300 | 1306 | 1309 | 1310 | 1312 | 1316 | 1322 |
| 1324 | 1326 | 1329 | 1330 | 1333 | 1342 | 1350 |
| 1356 | 1358 | 1362 | 1380 | 1381 | 1382 | 1397 |
| 1428 | 1447 | 1451 | 1453 | 1455 | 1470 | 1471 |
| 1478 | 1485 | 1494 | 1499 | 1500 | 1501 | 1503 |

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Bonds referred to above will become due and payable at 100% of their principal amount in Norwegian Kroner at the head office of the Fiscal and Principal Paying Agent, Union Bank of Norway, Kirkegt. 14-18, 0107 Oslo, Norway, or, at the option of the Holder, at the specified office of any Paying Agent. Bonds should be presented for redemption together with all Coupons maturing after the date of redemption.

**The City of Oslo, 2. December 1991**

## by: Union Bank of Norway, Fiscal Agent

London Transport is making a great effort to improve its service at last, says **Richard Tomkins**

# It's our fault, we admit it

London Underground is no slouch when it comes to finding reasons why its service is unsatisfactory. This time, however, it has come up with the mother of all excuses.

Chronic underfunding, depressed fare levels, the rising water table, persons under the trains – all the usual explanations have been pushed aside in favour of something never before imagined.

Apparently, it's all the management's fault.

In an audacious poster campaign currently permeating the system, London Underground admits its performance is poor and promises better things in the shape of a Company Plan.

Over the next three years, passengers are told, a radical programme of change will turn the Underground into a modern, well-run railway in which everything is focused on achieving customer satisfaction.

By now, baffled commuters are likely to be asking themselves at least two questions. Is this just a crafty way of defusing all criticisms of the railway for the next three years? If not, why weren't these changes carried out before?

To take the first question: no, says Denis Tunnicliffe, the Underground's managing director, this is not a fudge. And the reason the changes have had to wait till now is in the railway's recent history.

Throughout the 1970s and early 1980s, passenger numbers on the Underground declined, and with them the motivation to manage the railway any better. Then, just as passenger numbers started to soar, came the King's Cross fire disaster in 1987.

From that point onwards, says Tunnicliffe, safety became the overriding priority. This was crisis management: costs leaped as manpower and cash were poured into risk prevention. Meanwhile services deteriorated because of the incessant alarm calls and the need to strip stations of potential fire hazards.

So strong was the emphasis on safety that the management only started to look at efficiency a year ago, says Tunnicliffe. It set up 30-40 "value analysis" teams each comprising four to six managers and sent them out across the railway to investigate how it could do better.

"What we expected to find was a series of modules of underperformance where we could make savings," says Tunnicliffe.

"But we didn't find that. Instead we found a whole series of areas where we could do better – so many that, rather than pick them off one by one, we decided to bring them together into a Company Plan."

There are two main prongs to the plan. The first is an onslaught on labour costs. The 3,000 extra jobs added since King's Cross will be more than wiped out by a cut of 5,000, leaving the total at 17,000.

Safety will not be sacrificed in the process, says Tunnicliffe. Restrictive working practices are slowly being abolished while many services such as station and train cleaning are being contracted out. An example of the savings potential is the archaic agreement under which drivers' shifts last 8 hours 1 minute. In practice, it is almost impossible for the Underground to create rosters which employ drivers for the whole of their shifts. The introduction of flexible rostering – accepted years ago by British Rail drivers – will enable the Underground to vary shift lengths, with a consequent reduction of 600 drivers' jobs.

Once redundancy costs have been met, efficiency savings are expected to lower the Underground's operating costs by £100m a year by 1995. The implication is that passengers will benefit through the freeing of resources for investment.

In practice, the danger is that the government will simply pocket the cash by reducing London Underground's subsidy. Even so, says Tunnicliffe, the second prong of the plan holds out the prospects of better services for passengers.

Better training is part of the plan. Station staff will be made interchangeable with one another to make their jobs more varied and interesting.

On the engineering side the emphasis will switch from cure to prevention. "We have got to mend the kit before it fails," says Tunnicliffe.

But the single most important improvement the Underground is planning is getting the train intervals right. As Tunnicliffe explains, it may not sound particularly serious if trains due to run at 2 min intervals run at 1 min and 3 min intervals instead: but the result is that 75 per cent of passengers experience 50 per cent higher passenger loadings than they should do.

The solution, says Tunnicliffe, is discipline and training. Much if it is simply a matter of making sure the train begins its journey at the scheduled time, rather than at the convenience of a driver ambling slowly towards his cab. After that, it is down to the line controllers to put much more effort into preventing the bunching.

"We are going to get this right even if it means putting people on the platforms with clipboards to control the trains," says Tunnicliffe.

That will not stop the disruptions from equipment failures, fire alarms or security alerts. But Tunnicliffe says a change in management philosophy will make these incidents less frequent.

"Every time there is an incident we will assume it is the management's fault and scratch away at it it until we find a way of stopping the same thing happening again."

If much of this sounds blindingly simple and long overdue, Tunnicliffe agrees. But then, the Underground is not the only British business to have come late to an appreciation of the need for radical management change, he says. The newspaper industry took its time, too.

Tunnicliffe also slips in a reference to the fact that he only joined the railway as MD in 1988: in other words, don't blame him for what went before.

"My executive directors and I cannot stay if this plan does not work," he says. "We will have no clothes."

# A helping hand for women

European employers have come some way, it seems, since the days when they filled senior jobs via the Old Boys' network and then found, to their astonishment, that all their senior posts were filled by men.

One in every three companies in the European Community is now practising "affirmative action" and is actively searching for women candidates to fill top jobs, according to a survey covering over 500,000 European employees.

"Affirmative action" is the US term for equality programmes that may include quotas for the employment of women. The concept of quotas has, until now, met with resistance in Europe; in some countries, for example the UK, it remains outlawed.

The apparent trend in Europe towards affirmative action is matched, finds the survey, by enthusiasm for other measures to improve the chances of women reaching management positions:

- General management training specifically for female employees is being provided by 43 per cent of companies;
- "Mentoring" – individual guidance provided by senior managers to more junior female colleagues – is being practised by 30 per cent;
- "Career pathing", described as a system of career goals, is in operation in 23 per cent
- "Multi-cultural postings" – experience in other countries to provide a broader perspective – is specifically aimed at women in 13 per cent of organisations;
- "Cross-functional" career experience, with women targeted to carry out a range of jobs across the organisation, is available in 27 per cent

This last initiative is intended to combat the "glass elevator" – a cousin of the better-known "glass ceiling" which presents women with an invisible barrier to achieving top positions.

**Diane Summers**

*Europe's Glass Ceiling by Rebecca Rolfes. Available from The Conference Board Europe, Avenue Louise 207, bte.5,B-1050 Brussels, Belgium. Price 20 Ecu to non-members*

# Benefits of a seven-year itch

**Alan Pike** on a lengthy struggle to get computers into social security offices

The computerisation of Britain's social security offices – one of the largest programmes of business change ever – has just been completed. The project lasted seven long years, and that was relatively quick: an earlier attempt took 20 years, only to end in failure.

In the 1960s, the social security service was a world leader in its computer systems for paying pensions and maintaining national insurance records. But attempts to extend computerisation to other benefits failed. Indeed, by the early 1980s there was not a single computer in a local social security office and staff continued to calculate benefits of some 20m people manually – with hours of drudgery and 10-20 per cent error rates as a result.

The previous attempts to extend computerisation throughout the benefits system had sunk amid technical problems. However, there was also management failure, according to Keith Burgess, managing partner of Andersen Consulting which helped the Department of Social Security devise the scheme.

The first problem was that not one of the civil servants who started on the scheme in January 1983, was still with it by the end. The effects of annual budgeting, frequent staff changes and shifting political priorities made it difficult for the civil service to remain focused on long-term goals over a period of years.

In technical terms the exercise involved linking more than 70 mainframe computers in six locations. In managerial terms it required the formation of teams to carry the project forward. It also meant convincing managers and staff, in the light of the previous failed attempts, that success could be achieved.

Complex as the information technology was, Burgess saw the implementation primarily as a management exercise: "This was a business project with a high IT content".

An important element in maintaining the motivation of staff working on the scheme was the development of a big idea – the Whole Person approach to delivering benefits. This meant equipping the computer with a central address file of the entire population with a complete picture of each individual's benefits. It involved abandoning the old system of handling claims benefit-by-benefit. A simple idea in many ways, it was none the less novel enough to maintain enthusiasm for the project.

"There were people who knew they faced personal career risks if they became associated with the new initiative and it failed," says Burgess. "There were people who said it would never happen and people who told us we were messing it up. And then, when we got there, there were people who told us there would have been cheaper and better ways of doing it."

Burgess says the Andersen team found the civil service very skilled at "running clerical factories where people do the same thing every day." But for the computerisation to work, this operational culture had to be replaced by a project culture based on meeting quality and timetable requirements.

The staff training scheme which preceded the arrival of terminals in local offices is believed to be the largest of its type ever undertaken in the UK. Nearly 34,000 employees underwent 10-day training programmes at the rate of 1,400 a fortnight in 30 area training centres. Most began the courses lacking even basic keyboard skills.

As the new system came on line productivity dropped – a standard occurance with the introduction of new work practices, but one which doubters exploited to the full. After a initial dip, however, it began rising and Michael Bichard, chief executive of the Social Security Benefits Agency, estimates that it is now up by a remarkable 20 per cent.

At its height 2,000 people were working in teams to implement the programme. Although the new system has cost around £1.5bn, it is scheduled to produce annual savings of £150m by 1995, as well as a more efficient service.

Everyone working on the scheme, says Burgess, went away feeling that they had experienced a once-in-a-career opportunity. "It is without peer in the commercial world and probably the defence world. There simply hasn't been the introduction of another system combining the size and complexity before."



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TELEVISION

# Who dares, wins

Let us now praise *Cop Rock*. At a time when television drama is being forced more and more into the deeply worn channels which broadcasting chiefs believe will produce high ratings, *Cop Rock* dared to be different. True, it was about the Los Angeles Police Department, a subject with which some might say the world is already too familiar, but the format was unique: not quite a full blown rock opera it was, nevertheless, a TV musical, and not a one-off production but a 10-part series. From rock ballads to soul numbers, from up-beat ensemble singing to poignant solos, *Cop Rock* covered the waterfront of contemporary popular singing. The music may not have been up to Cole Porter's standards but it was considerably better than Lloyd Webber's. Once in a while there was even some dancing.

Finding a highly original form for something as familiar as the television police series is reason enough for celebration, but there was more than that to *Cop Rock*, as anybody might have hoped who spotted that it was created by Steven Bochco and William M. Finkelstein, Bochco being the creator of *Hill Street Blues*. It was not simply that *Cop Rock* used the same "busy busy" techniques familiar from *Hill Street Blues*, with the intertwining of a multitude of stories, visually emphasised by the multitude of people passing before the cameras to make it seem abnormally vivid and real. True, that technique was used in *Cop Rock* and – in contrast to the many series which tried to mimic *Hill Street Blues* and failed – it worked once again.

This time, however, instead of a bouquet of new stories each week with only the human relationships of the police running as a light connecting thread through the series, we were given one main story which continued throughout the 10-parts (the cynical "execution" by Detective LaRusso of the black drug dealer who had killed a policeman but would have evaded justice on a technicality, and LaRusso's subsequent trial) plus other individual stories each week (the drug bust which pulled in a politician's secretary, the chivvying of down-and-outs from pillar to post, and much more).

Alongside these was an even stronger set of human relationships than in *Hill Street Blues*: the romance in the autumn of life between the lady mayor and her chief of police, with the crazy yet touching scene in the Painted Desert (he is a Wild West freak) where she admits to being the oldest virgin in America: "Be gentle with me Roger"; the marital difficulties between forensic officer Ralph Ruskin and his wife, another cop; the partnership difficulties between the young white rooky Gaines, who wants the public to love him, and his wise old black team mate who knows they won't... and so on.

There is a ridiculous snootiness in Britain about American television in general and drama in particular: it is habitually dismissed as slick, violent, and superficial. We are told it all looks as though it comes off the same production line. There is some justification for the accusation of undue violence, though there is less now than there was 10 years ago and there was very little in Cop Rock.

For the rest, it seems to me increasingly clear that the criticism is aimed in the wrong direction. If you want to find a television service where drama departments are sticking more and more anxiously to the tried and tested, then look no further than Britain. If matters continue for long as they are the British will be producing nothing but beautiful adaptations from period novels. They are, it is true, awfully good at this: if you want actresses who look as though they were born in stays and bustles, and actors who might almost be wearing their own Fair Isle sweaters and driving their own vintage sports cars (come to think of it, they probably *are*) you need look no further than Britain. *Ashenden* may have been remarkably slow, and interestingly devoid of action but the sense of period was intense.

At present, when they put their minds and their budgets to it, as in ITV's *Red Fox* which began on Sunday, the British can still turn out a contemporary thriller as fast and slick as any in the world. It came as no surprise to discover that Ian Toynton, who has directed some of the most impressive episodes of *Minder*, was both co-producer and director of *Red Fox* which could not be faulted on production values. The locations in England and France were fresh and unfamiliar, the casting – Jane Birkin as the wife of a kidnapped British businessman, John Hurt as an ex Special Branch man hunting the kidnappers – was imaginative, and the photography and editing were everything we have come to expect from Toynton, master of the slam bang urban drama.

Unique format: some of the all-singing, all-dancing police in 'Cop Rock'

But any honest viewer would have to admit that the fast driving of the new cars, the board meetings in plush offices, even the tense "Keep them talking!" scenes when the kidnappers make their phone calls, however well done, are all terribly familiar. Since the coming of the glossy, brittle spy thrillers in the 1960s we have seen it all scores of times. What is the last truly imaginative and original British television drama series you can remember – *The Singing Detective* (which would make a weirdly apposite alternative title for *Cop Rock*)? *Edge Of Darkness*? They were made six and seven years ago respectively.

Who makes a fantastical series about a moralistic lion-man living in the tunnels under the metropolis? The Americans do: *Beauty And The Beast*. Who makes a bizarre series about out-of-control time travellers? The Americans do: *Quantum Leap* (in a strong tradition, incidentally, going back to *The Twilight Zone* and *The Outer Limits*). And who, while British television is yet again fussing over the authenticity of the walnut fittings in a 1910 third-class railway carriage, has made another triumphant non-naturalistic series in which you are never quite sure whether it will be the cops, the hookers, or the drug addicts who will next burst into song? Right, the Americans again: *Cop Rock*.

It was a pity that, instead of the songs carrying forward the narrative as in the best stage musicals, the action tended to stop for the music, so that the songs seemed more like additional entertainment than an integral part of the drama. Despite that they never felt false or artificial, and the total effect was of a hard-driving, fast moving, very knowing and modern sort of television. This was a series that had taken on board not only *The Selling Of The President* but *The Bonfire Of The Vanities*. No matter how appalling the problems in the US today it was ready to deal with them: drug addiction, police entrapment, political corruption, rape, gun law, racism, the sex war, poverty.

More impressive still, it did all this with a remarkable degree of good humour. When the British do occasionally try to treat such subjects in serial drama the results, as often as not (in *Casualty* for instance) look like something created by a committee of lecturers from a training school for social workers. *Cop Rock* managed to treat such subjects as victimless crime and white collar drug use without ever seeming to wag its finger in the viewer's face. Its achievement was perhaps best exemplified in the penultimate episode last week when the female cops put on hookers' outfits and went out to entrap men on the streets.

Back at the station one told his arresting officer "I just want you to know that of all the sexual experiences I've ever had, none was as deeply erotic as being arrested by you!" whereupon we got the song of the masochist: "So what if I long for a leather strap, what if I like stiletto heels up and down my back; or some large lady with a heart of gold, to tie me up and make me do exactly what I'm told?" Cool print cannot convey the extraordinary success of this number in combining the pathetic and the comic. It takes American chutzpa: the mind boggles at what they would make of such a subject in *The Bill*.

**Christopher Dunkley**

# Fact and Fancy

**SADLER'S WELLS**

When Paul Taylor plays a trick, or builds his dances around one, we are won over both by the trick and by Taylor's skill in making it work. The second programme in the present season by his company begins with *Esplanade*, whose "trick" is that there are no dance steps in it. Walking, running, falling, comprise the vocabulary of a work of irresistible vitality and sincerity. That with these simplicities Taylor can rise to Bach's D minor two violin concerto (music that inspired Balanchine in *Concerto Barocco*) should not really surprise us, so sure is his musical sense. In the largo, Taylor proposes duets where a girl walking over the reclining body of her partner, or women swung joyously from the men's arms, seem as right and beautiful as Balanchine's choreographic marvels. In the final allegro, the dancers slide and bowl over the stage in an ecstasy of falls and recovery, and we are intoxicated by their energy and resilience. The trick – if such a dazzling conceit is a trick – is a marvel.

In the succeeding *Fact and Fancy*, new this year, the trick is that the dance is a wild development from one of Taylor's earliest and most enduring jokes – *Three Epitaphs*. In this, five creatures from the Black Lagoon, loped and flapped and were prey to crazed moments as primeval jazz burbled around them. *Epitaphs* now becomes the springboard from which the 18 members of the company dive into a party where logic and reason have long been buried, and costuming – basic undergarments, knee-pads, pot hats and bits of the black coveralls from *Epitaphs* – is as wild as the incidents which are played out to reggae music. People dance. Mary Cochrane gets a birthday cake. Someone starts to clean the floor, as well as bits of dancers, with obsessive care, while Christopher Gillis (who has indulged in a moment of muscle-flexing) is involved with a newspaper, and echoes and twitches from *Epitaphs* haunt the action. Maybe it is a madhouse where the inmates think they are rehearsing *Three Epitaphs*. We must not seek for reason, but accept events for the inconsequentialities that they are – or are not – and relax with the fun of the game.

Both pieces were marvellously danced – the Taylor ensemble looks stronger than ever – and *Cloven Kingdom*, which ended the evening, was also given with tremendous power. This is Taylor's view of man as an animal whose social graces are barely skin deep, and whose instincts are not of the most polite. As Corelli concerti grossi are hammered by percussive interruptions, evening dress begins to sit oddly on the brute. It is a cunningly made piece, and like everything else in the repertory this season, it holds its audience through dance that speaks with a magnificent humanity as well as an unerring sense of theatre.

**Clement Crisp**

# Volans' 'One Hundred Frames'

**ULSTER HALL, BELFAST**

South African-born in 1949, Kevin Volans has become very much an Irish composer by adoption: between 1986 and 1989 he taught at Queen's University, Belfast, and now lives in County Donegal. On Friday the Ulster Orchestra gave the premiere of his first orchestral work, *One Hundred Frames*, commissioned with funds from the Northern Ireland Arts Council and Gallaher Ltd.

The series of African-derived pieces that dominated his music in the 1980s, especially the success of his first string quartet *White Man Sleeps* which was vividly promoted by the Kronos Quartet, established Volans as a distinctive voice in new music but gave only a partial perspective on his development. Hearing those works, with their teeming rhythmic patterns and melodic vitality, it is easy to forget that Volans is a thoroughbred post-modernist, a former pupil of both Stockhausen and Kagel, an admirer of Morton Feldman, and the author in 1984 of *Summer Gardeners*, a fascinating collection of conversations with his English-speaking contemporaries.

The new orchestral piece is part of the re-emergence of that strand in his music. Volans describes it as the "most abstract of my pieces to date... there is no narrative, no drama, no hidden agenda". The commission specified a work with Japanese connections, and the title nods towards Hokusai's *One Hundred Views of Mount Fuji*; it uses 100 chords and was composed on 100 sheets of manuscript paper, but there the conceptualism ends and the rest is an exploration of orchestral colour and texture, of modes of articulation and melodic seamlessness.

Feldman seems a likely reference point; in the gently lapping chords that make up the bulk of the 20 minutes of *One Hundred Frames*, in which each idea must justify its own independent existence, there is something of the contemplative feel of the American's late works. There are passing glances elsewhere – gurgling clarinets and revving horns evoke *The Rite of Spring*, exotic harmony and unearthly woodwind doublings conjure up Messiaen. But attention is really directed towards the minute nuances, the subtle rhythmic pointing, with which Volans varies his chords and presents his material.

Most of this, though, was more obvious in the score than from the performance, for the Ulster Orchestra, conducted by Yan Pascal Tortelier, seemed under-rehearsed and fell well short of realising Volans' intentions. Detail was blurred, and sometimes omitted altogether; quintuplets in particular seemed hard for the players to negotiate. The loose, timeless feel of the music, in which the sense of pulse is always tenuous, was never established.

It seems curious that any orchestra should go to the trouble of commissioning a new score and then schedule insufficient time to prepare it adequately. Priorities seemed to have gone badly awry: Volans' piece was flanked by Debussy's *Prélude à l'après-midi* and Bartók's Concerto for Orchestra in extremely polished performances it seemed as if only new music has to make do with a rough approximation.

**Andrew Clements**

# Prague's lasting homage to Mozart

It is the perfect Mozart theatre – intimate, elegant and with a natural sense of scale. The acoustic is dry and clear, the historical associations unmistakable. This is the Estates Theatre in Prague, where Mozart himself directed performances of his music and where *Don Giovanni* received its premiere in 1787.

Prague, justifiably proud of its Mozart connection, has found a durable way of rounding off the bicentenary – by bringing the theatre back to life after a laborious eight-year closure. The opening production was *Don Giovanni*, staged by David Radok, conducted by Charles Mackerras and sponsored by Bankers Trust and others. The theatre will now function with a small repertory of Mozart and spoken theatre works, leaving the Smetana and National Theatres as Prague's main operatic temples.

The Estates Theatre (Stavovské Divadlo) is the oldest surviving theatre in Prague. Built in 1783 by Count Nostitz, after whom it was initially named, it was bought by the Bohemian Estates in 1789. Weber was music director from 1818 to 1816. Mahler, Karl Muck and Zemlinsky conducted there, even though it had become Prague's second German theatre after the opening of the larger Neues Deutsches Theater (now the Smetana) in 1888. The Communists renamed it the Tyl, after the 19th century Czech dramatist.

Set comfortably astride a tastefully-renovated and pedestrianised street, the theatre can stand comparison with its surviving contemporaries – cosier and more commandingly situated than Vienna's Theater an der Wien, less ostentatious and boomy than Munich's Cuvilliés Theater. The Estates has 660 seats, with three floors of boxes and two galleries, decorated in blue-grey and gold. Ceilings have been painstakingly restored to their original splendour, backstage machinery brought up-to-date. Only the front-of-house facilities suggest that space is tight.

Given the current chaotic state of Prague's musical and theatre life, the opening production can be counted a modest success. Mackerras, who is conducting the first handful of performances, gave the Czechs a crash course in historical performing practice, often with self-defeating results. The overture was taken so fast that string ensemble was scrappy; the first part of the catalogue aria sounded four-square next to its speeded-up reprise. "Dalla sua pace" and "Mi tradi" (which Mozart added for Vienna) were dropped, but vocal embellishment was also scarce, perhaps because there had been insufficient time to coach the two casts engaged for the production.

And yet Mackerras at least offered Prague a glimpse of how Mozart can sound in the light of modern scholarship. This *Don Giovanni* benefitted from a wholesale cleaning-out of orchestral texture, to brilliant effect in the string accompaniment for Donna Elvira's first aria and in the brass and timpani flourishes. It also made some amends for the lack of dramatic temperament on stage.

Radok, son of the distinguished Czech stage and film director Alfred Radok (who emigrated to Sweden in 1968), made no blunders or lapses of taste. The production began and ended well: Giovanni, a limber, blonde aristocrat, steps out of a distant evocation of the Estates Theatre during the overture, takes a bite from an apple and places it front-of-stage. During the final sextet, the same figure emerges from a trap-door in modern informal dress, smiles at his moralising colleagues, picks up the apple and withdraws through the backstage door whence he came.

As a metaphor of the opera's origins and eternal fascination, and as a cheeky reminder that seduction began as a woman's game in the Garden of Eden, this was a plausible framework. But the main body of the evening existed in a vacuum of ideas, the plot placidly unfolding on a wooden ramp against Tazeena Firth's backdrop of cloudy blue sky and veil curtain. With the exception of the Giovanni and Leporello (both experienced singers), the cast failed to relate to each other or project an understanding of their parts. Stage direction was confined to traffic control.

The Swedish baritone Carl Johan Falkman (remembered from Peter Brook's *Carmen*), was a handsome, mildly threatening Giovanni, who used his plain voice intelligently: "La ci darem" had real seductive charm. Ludek Vele's Leporello, very much his master's grubby other half, was equally convincing. The Ukrainian bass, Yuri Kruglov, made a strong Commendatore. Donna Anna and Donna Elvira were sung by Lisa Gasteen and Bernadette Cullen, two Australians with large, well-schooled voices. Jan Vacik's Don Ottavio and Naomi Itami's Zerlina sounded inexperienced and over-parted.

Perhaps this production will have taught the Czechs that not everything emanating from the West is automatically stamped with quality. It needed better planning and more detailed rehearsal. In the circumstances, the theatre itself stole the show.

**Andrew Clark**

Naomi Itami and Carl Johan Falkman in the 'Don Giovanni' which reopened the Estates Theatre where, in 1787, Mozart had directed the premiere

## INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

### AMSTERDAM

**Concertgebouw** 20.15 Roberto Benzi conducts the Netherlands Philharmonic Orchestra in Janacek's Sinfonietta and Dvorak's Cello Concerto, with Miklos Perenyi, repeated on Sat. In the Kleine Zaal, Gustav Leonhardt gives a harpsichord recital. Tomorrow, Thurs, Fri and Sun: Kurt Sanderling conducts Sibelius and Bruckner (6718 345)
**Muziektheater** 20.15 Dutch National Ballet in Rudi van Dantzig's 1988 production of Swan Lake. Runs till Dec 22, with next performances tomorrow and Fri. Thurs and Sun afternoon: Luisa Miller (6255 455/ credit card bookings 6211 211)

### BERLIN

**Statsoper unter den Linden** 19.00 Fabio Luisi conducts I vesprilliani, sung in German. Tomorrow: Der fliegende Hollander. Sat: Aida. Sun and Mon: Nutcracker (East Berlin 2004 762)
**Komische Oper** 19.00 Jorg-Peter Weigle conducts Harry Kupfer's production of Antigone oder die Stadt, new opera by Georg Katzer. Tomorrow: Cav and Pag (East Berlin 2292 555)
**Deutsche Oper** 19.30 L'elisir d'amore. Tomorrow: Elektra (West Berlin 3410 249)

### BONN

**Oper** 20.00 Ronald Hynd's ballet Rosalinde, music by Johann Strauss arranged by John Lanchbery. Tomorrow and Sun: Don Giovanni with Renato Bruson (773667)

### BRUSSELS

**Palais des Beaux Arts** 20.00 Jorg Faerber conducts the Wurttemberg Chamber Orchestra in music by Stamitz, Bach, Corelli and Mozart, with Barbara Hendricks soprano and Hakan Hardenberger trumpet. Sun: Ronald Zollman conducts the Belgian National Orchestra and Brussels Choral Society in Berlioz's Les Nuits d'Ete and Mendelssohn's Lobgesang Symphony. (507 8200). **The Monnaie** has Mark Morris' choreography The Hard Nut on Thurs and Sat, and Le nozze di Figaro on Fri and Sun (219 6341)

### COLOGNE

**Philharmonie** 20.00 Valery Gergiev conducts the Gurzenich Orchestra in Prokofiev's Seventh Symphony and Mozart's Piano Concerto No 18, with Elisabeth Leonskaja. Tomorrow: Jorg Faerber conducts the Wurttemberg Chamber Orchestra, with soloists Barbara Hendricks and Hakan Hardenberger. Thurs: Bach's Christmas Oratorio. Fri and Sat: Christian Zacharias plays Schumann's Piano Concerto with the Cologne Radio Symphony Orchestra. Sun: Gurzenich Orchestra plays Mozart and Reger (2801)
**Opernhaus** 20.00 Meyerbeer's L'Etoile du Nord (1854), sung by members of the Cologne ensemble. Tomorrow and Fri: Hansel and Gretel. Sat: Die Zauberflote (221 8400)
**Schauspielhaus** 19.30 Schiller's play The Robbers, directed by Torsten Fischer, also Fri. Thurs: Jean Genet's Les Bonnes (The Maids). Fri in Kammerspiele: Arthur Schnitzler's Fraulein Else (221 8400)

### FRANKFURT

**Oper** 20.00 Piano recital by Yefim Bronfman. In the Mozart Saal: Prazak Quartet plays string quartets by Schoenberg, Webern and Dvorak. Tomorrow: piano recital by Tzimon Barto. Fri: Horst Stein conducts the Bamberg Symphony Orchestra. Sat: Jiri Belohlavek conducts Dvorak programme with the Prague Symphony Orchestra and Chorus (1340 400)
**Opernhaus** 20.00 Jazz concert with the City Stage Band. Tomorrow and Sun: Shostakovich's The Nose, staged by Johannes Schaaf. Thurs and Sat: Lohengrin with Helena Doese and Anja Silja. Fri: Les contes d'Hoffmann (236061)
Jahrhunderthalle Hoechst 20.00 Andrew Lloyd Webber's musical Evita, also tomorrow and Thurs (3601 240)
English Theater Kaiserstrasse 20.00 Blood Brothers, musical by Willy Russell. Daily except Sun till Feb 22 (2423 1620)

### LONDON

**Sadler's Wells** 19.30 Paul Taylor Dance Company triple bill. Daily till Sat (071-278 8916)
Covent Garden 19.30 First performance this season of Frederick Ashton's Royal Ballet production of La fille mal gardee, with Lesley Collier. (071-240 1066)
Royal Festival Hall 19.30 Jane Glover conducts the RPO and Huddersfield Choral Society in Mozart's arrangement of Handel's Messiah. Tomorrow in **Queen Elizabeth Hall**: Henze conducts the London Sinfonietta (071-928 8800)
**Barbican** 19.15 Ian Humphris conducts Handel's Messiah, with the New Chamber Orchestra and National Westminster Choir. Tomorrow: RPO plays Mozart, Mendelssohn and Pachelbel (071-638 8891)

### MADRID

Tonight's concert at the **Auditorio Nacional de Musica** is given by the Spanish Chamber Orchestra, directed by Jose Luis Temes. The programme includes Pachelbel's Chaconne and Albinoni's Adagio. On Thurs, Domingo Tomas, accompanied by Zdravka Radoliska, plays Mozart violin sonatas. This week's Spanish National Orchestra programme (Fri, Sat, Sun) is conducted by Juan Pablo Izquierdo. (337 0100)

### MILAN

**Teatro alla Scala** 19.00 Riccardo Muti conducts Cesare Lievi's production of Parsifal, with Placido Domingo in the title role, Waltraud Meier as Kundry, Robert Lloyd as Gurnemanz and Hartmut Welker as Amfortas. Runs with alternating casts till Dec 29, with next performances on Fri and Sun afternoon. Thurs and Sat: John Cranko's production of Romeo and Juliet (7200 3744)

### NEW YORK

**Metropolitan Opera** 20.00 James Levine conducts Die Entfuhrung aus dem Serail, with Mariella Devia and Matti Salminen. Tomorrow: Idomeneo (362 6000)
**New York State Theater** 18.00 Balanchine's City Ballet production of The Nutcracker, daily till Jan 5 (870 5570)
**Avery Fisher Hall** 19.30 Erich Leinsdorf conducts the New York Philharmonic Orchestra and New York Choral Artists in Mozart's Requiem. Thurs, Fri, Sat: Leinsdorf conducts Mozart and Schumann (875 5030)

### PARIS

**Opera Comique** 20.00 Gabriel Bacquier stars in L'as-tu revue? with music by Jean-Michel Damase. Until Dec 31, daily this week (4286 8883)
**Salle Pleyel** 20.30 Friedemann Layer conducts the Ensemble Orchestral de Paris in Beethoven's Prometheus overture and Violin Concerto with Gerard Poulet. (4561 0630). Tomorrow and Fri: James Conlon conducts the Orchestre de Paris (4563 0796)
**Chatelet** 20.30 West Side Story. Tomorrow at 12.45: John Lill with Prokofiev piano sonatas (4028 2840)

### VIENNA

**MUSIC**

**Staatsoper** 19.30 Ulf Schirmer conducts Katya Kabanova, with Nancy Gustafson. Tomorrow: Der fliegende Hollander. Thurs: Salome with Mara Zampieri and Bernd Weikl. Fri and Sun: ballet gala. Sat: Tosca with Maria Guleghina and Bruno Sebastian (51444 2960)
**Volksoper** 19.00 Carl Millocker's operetta Der Bettelstudent. Tomorrow: Die Fledermaus. Thurs: Wiener Blut. Fri: Le nozze di Figaro, sung in German. Sat: Die Csardasfurstin (51444 3318)
**Musikverein** 19.30 Andreas Schmidt, accompanied by Rudolf Jansen, sings Winterreise, repeated on Thurs. Fri, Sat and Sun: Mariss Jansons conducts the Vienna Symphony Orchestra in music by Weber, Sibelius and Shostakovich (505 8190)
**Konzerthaus** 19.30 Georges Pretre conducts the Vienna Symphony Orchestra in Bruckner's Eighth Symphony. Fri: Haydn Trio plays four piano trios by Mozart. Sun: David Zinman conducts the Austrian Radio Symphony Orchestra in Prokofiev's Fifth Symphony and Sinfonia contertante, with Heinrich Schiff (7124 6860)

**THEATRE**

On Sat, the **Akademietheater** presents Brecht's Baal, directed by Manfred Karge (also Sun). This week's repertory at the **Burgtheater** includes The Merchant of Venice tonight and Sat, and George Tabori's Babylon Blues tomorrow and Thurs (51444 2218)

### WASHINGTON

**Kennedy Center**
Tonight at 19.00 in the **Concert Hall**, Neville Marriner conducts the Academy of St Martin in the Fields in two Mozart Symphonies (34 and 41) and the Clarinet Concerto with Andrew Marriner. Fri, Sat, Sun and next Mon: National Symphony Orchestra and Choral Arts Society of Washington in Mozart's arrangement of Handel's Messiah (416 4600)
**Blues Alley Jazz Supperclub**
Wynton Marsalis on trumpet from tonight till Sun. Next week: Phil Woods Quintet (1073 Wisconsin Ave, 337 2338)

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1540-1610 Moneyweek
1900-1930 World Business This Week

**SUNDAY**

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1800-1830 FT Business Weekly

*Sky News*
1330, 1630, 2030, 0030, 0230 FT Business Weekly

*CNN*
1800-1830 World Business This Week

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# Fate of the Soviet army

NOTICE OF the demise of the Soviet Union appears to have been somewhat premature. But the announcement by the leaders of the three Slav republics on Sunday night that they had agreed to form a commonwealth open to other republics marks a significant development in the long death agony of the Soviet state. By ensuring the inclusion of the Ukraine as one of the three founding states, Mr Boris Yeltsin, the Russian president, appears to have succeeded where Soviet President Mikhail Gorbachev was about to fail.

The overwhelming popular vote for Ukrainian independence last week killed any remaining hope for Mr Gorbachev's vision of a new union. Rather than see the Ukraine, with its 52m people and long historical ties, leave the Union completely Mr Yeltsin appears to have made the necessary concessions to keep it within a smaller, more homogeneous grouping. He then humiliated Mr Gorbachev by presenting it as a *fait accompli*.

The new commonwealth is an attempt to maintain some form of economic and political community based on a loose union between the three Slav states, which between them amount for 70 per cent of the population and the bulk of the industrial, agricultural and raw material resources. These always were the basis of the old Russian empire. It remains to be seen whether such a union, headquartered in Minsk, will be attractive to the non-Slav peoples who were integrated into the multi-ethnic Soviet empire based in Moscow.

The pique displayed by Mr Nursultan Nazarbayev, the president of Kazakhstan, at not being invited to take part in discussions which led to the announcement of the commonwealth, and his subsequent support for Mr Gorbachev's opposition to it, indicates the difficulties ahead. Some 27m Russians live outside the boundaries of Russia itself, many of them in Kazakhstan, which has a nearly 40 per cent Russian population.

Kazakhstan is also the only non-Slav republic to have strategic nuclear arms on its soil, another good reason for Mr Yeltsin and the other co-signatories to ensure that Mr Nazarbayev comes on board. For what is desperately needed after years of uncertainty about the Soviet future is the maintenance of firm political control over the armed forces, in general, and nuclear forces, in particular.

The maintenance of effective political control would probably be impossible if co-operation among the major republics were to break down completely. Such co-operation is also essential if the economy is to provide the resources with which the army is to be paid. The inclusion of the Ukraine in the commonwealth is important on both accounts. A high proportion of the Soviet officer class traditionally has a Ukrainian background, while many parts of Russia especially would face starvation if a totally independent Ukraine exported its grain elsewhere.

At present, however, Mr Gorbachev remains the constitutional commander in chief of the Soviet armed forces, titular leader of the most powerful institution in the land. Many senior officers, together with managers of the military factories, face an uncertain future. Such is the speed of economic decline and the size of the Soviet budget deficit, however, that even their pay is uncertain. Nothing could be more dangerous than a disgruntled army under no clear political control and available to the highest bidder. This is an army with nuclear weapons in its possession.

Mr Gorbachev has earned his role in history as the man who presided over the process which ultimately destroyed an empire which brought its people a false stability at the price of economic and political stagnation. His last act as commander in chief of the Soviet forces must be to ensure an orderly transfer of these powers to the republics that alone possess the authority to act. It would be a tragic mistake for him to attempt to remain in power by calling on those with a vested personal interest in the preservation of the old centre to defend it by arms. That way lies civil war.

# Protecting pensioners

THERE ARE several possible responses to the looting of more than £400m from pension funds within the Maxwell empire. The first came from the pensions industry last week, with the suggestion that no legal framework could have stopped a determined marauder like Mr Robert Maxwell. But this will be dismissed by pension scheme members as simply a way in which lawyers, auditors, investment managers, actuaries and pension scheme managers will seek to shed the blame for failing to protect pensioners.

The second possible approach is to seek ways of safeguarding funds better within the present framework of trust law. This is already being done under the Social Security Act 1991, with the imminent introduction of new regulations which will limit self-investment – that is, the use of pension fund money to give financial support to the sponsoring company.

However, this would only provide marginal protection against Maxwell-type misappropriation. It would be necessary to go further, and require that pension schemes should follow best practice in other ways. One possibility would be to require that trustees be drawn from a variety of interest groups within (and possibly outside) the company and the scheme membership, to limit the power of company executives, and to ensure that assets be held by separate custodians.

Even this would leave the ultimate ownership of the assets obscure. The pension fund of a UK company is in a strange legal position, being not the property of scheme members but a collection of assets accumulated to back up a pensions promise given by the employer. If the fund were not there, or were in deficit, pensioners would be exposed to a serious credit risk. On the other hand, if scheme members owned the fund they, and not the company, would benefit from unexpectedly high investment returns. The fact that the company can indirectly access surpluses through contribution "holidays" and, in the case of a group, by merging schemes in deficits into those with surpluses, gives them an interest in the performance of the fund.

A third, and preferable, solution would be to set up a new occupational pensions law, which would further limit the discretion of companies in the management of schemes. In addition, the independent administration of the fund could be guaranteed by external appointed professionals as well as scheme members and their representatives.

Proposals for new legislation have been considered for some years, but have met comparatively little support from companies. Too onerous a new framework might cause many companies to terminate their schemes, it has been suggested, and cast their employees off into personal plans, or none. If companies cannot design their schemes so as to pursue certain ends, for instance the rewarding of long-term stayers (especially those, like the top managers themselves, who progress to the top of the salary scale) and the penalisation of "early leavers", they may no longer consider pension schemes worth the time and money.

In the end the government passed up the chance to introduce a new Occupational Pensions Act, but the worrying lack of security now exposed makes that decision less acceptable. Historically there had been few cases of misuse of funds, but it now looks complacent to have relied upon good fortune. As the corporate squeeze presses more tightly the danger is rising.

The Maxwell case highlights the failure of various professionals to perceive the risks. It was plainly imprudent for one man to have so much power, including ownership of the investment management company that administered most of the funds. This inability to recognise danger is a feature that has characterised other recent financial scandals outside pensions.

Companies have been able up to now to maintain pension funds in a kind of legal limbo between corporate control and true separation. The lack of security revealed by the Maxwell scandal has exposed this compromise as unacceptable.

## Quentin Peel on strains in Chancellor Kohl's vision of federalism

# Germany's F-word

While Chancellor Helmut Kohl has been slugging it out in Maastricht to achieve his vision of a united, federal Europe, he must have been feeling a chill draught on the back of his neck.

His finance minister, Mr Theo Waigel, had to scuttle back to Bonn a day early to deal with a simmering rebellion back home. And the problem stems from the very system which the German chancellor is so keen to see extended to the whole European Community – from federalism.

Suddenly the 16 German federal states are up in arms to stop what they see as a steady erosion of their powers by the central government in Bonn. They accuse Mr Kohl of draining their budgets of cash to stoke his own coffers, and plotting to pass their powers to the EC in Brussels without their approval. They hint darkly of plans in Bonn to redraw their historical boundaries.

The growing strains within the German federal system, seen as the very guarantor of German democratic stability since the second world war, have undoubtedly been increased by the financial strain of paying for German unification – and subsidising five effectively bankrupt new states to join the system.

"The financial relations between the union and the states are out of control because of the advent of the new states in the east," according to a leading state official in Bonn. "There has to be an overhaul of the whole system."

What makes it all the more embarrassing for Chancellor Kohl and his coalition government is that for the first time in a decade, the states are in a position to make his life a misery. For since April, when they won control of the Rhineland Palatinate (Mr Kohl's own home state), the opposition Social Democrats (SPD) have had a majority in the Bundesrat, the upper house of the German parliament. That means that on all the most important items of legislation, they can insist on having their say – or even cause the laws to fail.

Matters came to a head this week as a result of a rebellion by the states against the government's whole package of tax reforms for the coming years, intended to finance an already overstretched budget. The key element is a 1 per cent increase in value added tax from 1993, which should bring in a sorely needed DM12.3bn in a full year. Another vital part is a bundle of tax concessions for business, to meet the fears of the private sector that it will be unfairly burdened in the single European market after 1992. It is intended to reduce business property tax, and scrap the tax on working capital altogether.

On Monday, just as European leaders were sitting down to thrash out the details of European economic and political union, a conciliation committee was gathering in the German capital to renegotiate the tax plans. Sixteen members from each of the chambers of the German parliament – the Bundestag, where the ruling coalition has a clear majority, and the SPD-controlled Bundesrat – sat for two days to sort out the stalemate. Yesterday afternoon, Mr Waigel reported that they seemed to be heading for outright failure. The SPD had refused to agree to any VAT increase, and he had refused to accept any alternative.

The assault of the states on the government's taxation plans is only the latest in a series of revolts. Last month, the Bundesrat agreed unanimously (uniting conservatives and social democrats) that it would refuse to approve the treaties from Maastricht unless they enshrined the principles of federalism. As far as they were concerned, that meant writing into the treaty on political union the peculiarly German concept of "subsidiarity" – that every job should be carried out by the lowest level of government capable of doing it effectively. Their idea is to stop Mr Kohl and his government from negotiating away any of their precious powers – such as education, culture, the media and health, all of which belong to the states in the German system – to Brussels and Strasbourg.

Ten days ago, the Länder took up their cudgels again, and rejected by a two-thirds majority the government's proposed law to streamline the mighty Bundesbank by reducing their representation on the board of governors. The number of governors from the states is supposed to come down from 11 (the number of old federal states before unification) to just nine. This was only a first opinion, but it may be enough to sink the law for good, for the Bundestag must now obtain a two-thirds majority to overrule it.

It all looks like giving the apparently unflappable German chancellor a severe headache when he gets back home. The question is whether the whole process is an example of the German federal system working well, leading to negotiated compromises, or whether the system is being undermined by creeping centralisation as well as the sudden pressure on the public purse.

What is happening today is that a series of political pressures are coinciding at the heart of the German body politic, compounded by the acute financial (and psychological) strain caused by the unification process.

In the first place, there is the straightforward political battle between the ruling conservative coalition, led by the Christian Democrats (CDU), and the opposition SPD. Mr Kohl's victory in last year's unification elections has shut the SPD out of power until 1994 at the earliest. But two key state elections are due in the spring – in the CDU stronghold of Badem-Württemberg and in SPD Schleswig-Holstein – and both are in the balance.

On top of that comes the gathering resentment at Bonn's perceived usurpation of the federal powers of the states. That was certainly an issue in the vote of the Bundesrat on the Bundesbank. It was also a factor in the resounding vote over Maastricht. And it is an important element confusing this week's negotiations on the tax package.

"The Bundesrat sees an encroachment by the central government on the federal nature of the Bundesbank," says Mr Edgar Meister, finance minister of the Rhineland. "It should not be seen as party political. It is a question of the states against the union. I think the union is trying to change the limits of competence of the states unilaterally."

Mr Oskar Lafontaine, prime minister of the Saarland, and the unsuccessful SPD candidate for chancellor at the last elections, cites a steady transfer of tax revenues from the states to the central government over the past decade of Kohl coalition rule. Since 1982, the total public sector budget has declined by DM93.4bn, but that had a very contrasting effect on the states and the centre. The combined state budgets declined by more than DM85bn, according to figures calculated by the North Rhine-Westfalia finance ministry in Düsseldorf. Below them, the combined community council budgets declined by DM54.6bn. And simultaneously the central budget increased by almost DM46.5bn.

"It is a steady drain," Mr Lafontaine said last week. "This tax policy is anti-federal."

Behind it is an extraordinary weakness in the federal nature of the German constitution. The states themselves have significant spending powers, but no revenue-raising powers of taxation. Instead they have to negotiate every year for the share of cash they can get from the central budget. Although they have an automatic right to a share of central taxes – such as 35 per cent of VAT, for example – only the union has the right to levy them.

"The communities have a tax right (to levy things like dog licences and a community tax) but the states have none. It is a structural mistake," Mr Lafontaine says. In that he is backed by such heavyweight authorities as Mr Horst Köhler, the state secretary in the finance ministry. But that is a question of changing the constitution which is under debate, unlikely to be resolved before 1994 at the earliest.

In the meantime the states have to fight for their share of the cake, and thanks to unification, a suddenly oversubscribed cake to boot. Hence the tax battle this week.

"If we do not sort it out by the end of the week, I think it will go till next year," Mr Lafontaine believes.

The headache for the finance minister and Mr Kohl is that if they do agree on a compromise, it will almost certainly cost more money. If they do not, then the tax reform package will have to be abandoned.

It must all give Mr Kohl, rooting for federalism in Europe, at least pause for thought. His words may come back to haunt him as a hostile majority in the Bundesrat keeps holding his coalition to ransom.

## PERSONAL VIEW

# Poles should be kept apart

### By David Prosser

The word "polarisation" may sound like it has been plucked from the physics book. In relation to the UK financial services industry, though, it has meant creating in recent years a clear distinction between those who sell the products and services of one company and those who scrutinise the whole market to identify what is suitable for their customer.

However, in its review of the regulatory regime for the industry, the Securities and Investments Board (SIB) has suggested a "half-way house" between tied agents and independent financial advisers. This would blur the distinction between the two groups and have serious implications for the way the industry operates.

The distinction created by the Financial Services Act 1986 between these different types of advisers should be maintained; the real challenge facing the industry is to make the existing regulations work better.

Polarisation has raised standards among sales staff and given consumers extra protection by making companies responsible for the actions of their representatives. Raising standards has not, however, been without considerable financial cost to the life companies and to independent financial advisers (IFAs).

Restricting company representatives to selling the products of only one company does reduce customer choice, and it may therefore seem odd that it should be promoted by a regulatory body (the SIB). Indeed it is just the sort of restrictive practice which would be frowned on in other industries. While the insurance industry was creating ties, the brewing industry was being instructed to undo ties. Clearly financial services are different.

The advice which accompanies a product sale is often a vital component of the total value delivered to the consumer. In an ideal world the adviser would know the customer as well as does a good family doctor; investments would be fitted into a lifetime plan developed and maintained jointly with the adviser.

It is through competition that customers obtain best value and while customers can easily recognise service, few are in a position to evaluate a particular financial services product offered to them. A regime of a small number of companies selling their products to the public only through company representatives would not be in the long-term best interests of the customers. Neither is it in the interests of the companies themselves, because there would be insufficient pressure to provide excellent products.

Competition between companies in the UK has led to their being pre-eminent in Europe when it comes to product choice and product innovation. Competition has been and should continue to be stimulated by the independent financial advisers.

The benefits of direct support from the companies enjoyed by company representatives require some counter-balance. Polarisation has helped to provide this counter-balance by ensuring that only IFAs can present themselves as being able to provide choice between companies. It is for this reason that polarisation, with all its faults, has gained wide support in the industry.

Two changes to polarisation have been put forward by the SIB. The first change entails restricting polarisation to life and pensions products while allowing company representatives to recommend unit trusts and personal equity plans from a range of companies. In my view this would make the job of supervising the company representatives more difficult and expensive. More significantly, it would undermine the position of the IFA by confusing the consumer. Diluting the distinction between IFAs and company representatives and making it less clear cut would not be a step forward.

The second suggestion is the introduction of "badging". This would allow an arrangement between companies whereby the representatives of one company could also sell a particular product from another company as if it were its own. This labyrinthine structure would allow companies which had gaps in their own product range to fill them so that their own company representative would be able to offer a full range to the public.

If it were possible to do this without the consumer being aware that the products came from another provider, it might appear to avoid confusion without weakening the IFA. However, it is difficult to see how this could be achieved while at the same time providing proper information on the status and track record of the true manufacturer of the product. This product information would have to be made clear to customers; again we would have company representatives offering a choice between the products of more than one provider, to the detriment of the IFA.

For these reasons the pursuit of purity in polarisation should continue, with no half-way house or weakening of the principle. Exceptions may "prove the rule" in some disciplines, but regulators in financial services should be careful to avoid them.

*The author is chief executive, Legal & General*

# OBSERVER

## Dark blues go for gold

■ Cambridge may have won yesterday's 110th Varsity rugby match. But in the increasingly competitive game of fund-raising, it seems the dark blues' "big bang" approach is winning hands down.

Henry Drucker, whose Campaign for Oxford has collected £198m versus Cambridge's apparent £100m, sounds more like a businessman than a political scientist, which is what he is by training. He talks of financial targets and boasts of his enviable return on capital – £1 spent for every £10 raised.

He has over 40 staff in Oxford, 14 in New York, and smaller offices in Tokyo and Toronto. The frequent overseas visits of Sir Richard Southwood, Oxford's vice-chancellor, are one of Drucker's pet marketing tools.

Oxford's approach might offend some. But the money which has founded and buttressed such historic piles as Balliol has not always come from spotless hands. Drucker does not see anything wrong with hitching company names to professorships in return for some loot, although he says shady would-be contributors have been turned away.

Bill Squire, who runs The Cambridge Foundation, has fewer than than half Drucker's number of fund-raisers and only a token presence overseas. Nevertheless he argues that, long-term, his softly-softly approach will be just as effective as Drucker's.

Maybe so, but he could well improve the chances by having his foundation's phone number listed in the directory.

## Nott out

■ Let's hope former defence secretary Sir John Nott can do a better job defending Etam from the South Africans than he did the Falkland Isles from the Argentinians. At least his sudden appearance in the Etam chairman's seat – he replaces Alan Howard who has been taken ill – has an element of surprise about it.

It is not every day that a former chairman of Lazard Brothers dons the crown of a £140m High Street fashion retailer. Lazards defended Etam at the time of Oceana's bid and since the latter still owns a third of the equity, Etam obviously wants to have a fit soldier in charge in case of a renewed assault.

Nevertheless, it is a mildly puzzling move for a merchant banker in retirement. Having bowed out of politics at a relatively tender age, Sir John headed Lazards during that bank's renaissance and then retired again from the City.

He is still only 59, and given his contacts, he would seem the sort of figure who should be able to command a big job like the chairmanship of British Aerospace, if he wanted it. The chairmanship of Etam is not one of those jobs.

## Galling

■ Maastricht ought to have been a high-point in the political career of Belgium's Wilfried Martens, the EC's longest-serving prime minister. Instead he has had to negotiate in a weakened role as caretaker premier of a country in post-election turmoil.

King Baudouin hardly made things easier for him by choosing the first day of the summit to ask a young opposition politician to form the next Belgian government. Guy Verhofstadt, Thatcherite leader of the conservative Flemish liberal party, will not necessarily become prime minister even if he succeeds in cobbling together a coalition. But the king's selection of "formateur" must still be galling for Martens.


"I've just remembered – there aren't any statues of Gorbachev to pull down"

Not only is 38-year-old Verhofstadt 16 years his junior, but the former budget minister also scored more preference votes than Martens in the 1987 election when they both stood in the Ghent constituency.

Fear of Verhofstadt, say the crueller political analysts, was the main reason why Martens, a Flemish Christian Democrat, decided to switch his candidature to Brussels for the latest election, in which all Belgium's traditional parties except Verhofstadt's suffered jarring losses.

## Drop-out

■ Sad to see Paul Judge's Management Week bite the dust. After an erratic start six months ago, it was beginning to get into its stride.

Its recent analyses of shooting stars like Sock Shop's Sophie Mirman – who was advised to ditch her husband if she wants to succeed – and the business diary of 13-year-old James Harries were well worth reading. Writing about management doesn't have to be left to business school academics.

Judge, who invested £700,000 in the venture, blames the recession and the move from a monthly to weekly format which cut circulation from 30,000 to 10,000. If Business magazine failed because it was too elitist, Judge's venture was too down-market. Despite columnists like Sir John Harvey-Jones, Tom Peters and Peter Jay, Management Week never achieved the credibility to attract the right sort of advertisers.

The 42-year-old entrepreneur, who made £45m from selling his business to Hillsdown, is still convinced that there is a market for a UK equivalent of a magazine like Forbes. However, the record to date suggests otherwise.

## Company man

■ When is a non-executive director not a non-executive director? When a member of the BTR board, it seems.

Gordon Yardley, who no longer devotes himself full-time to BTR's affairs, has joined the board of tiny AAF Investment Corporation as a non-executive director. The original announcement of same, however, described him also as a non-executive director of BTR – which got up some highly placed nose. Down came an order to amend the text to dub him just a director of BTR.

In BTR's eyes the title of non-executive director is reserved for real outsiders who have never worked for the company. Judging by such pedantry, perhaps the time has come for it to put a few outsiders on its own board.

## Small fry

■ A six year-old brings home a note from school. "Your child has been selected for cooking. Please send 50p towards the cost...."

# Survival of the biggest

## Richard Waters on stock market troubles for smaller firms

On paper, investments in smaller companies listed on the UK stock market have shown their best returns for years. But anyone actually trying to buy or sell shares in those companies will find the exercise as difficult as at any time in recent years.

The result: a crisis of confidence in the City over the way the public capital markets operate for all but the top tier of UK companies. The London Stock Exchange has been engaged in a prolonged rethink of the way such shares are traded, and is soon to propose an overhaul of share trading that threatens to anger many company directors, as well as their shareholders.

According to stockbrokers Hoare Govett, which tracks smaller company share prices, this sector has outperformed the market as a whole by around 4 per cent in the year so far. That is the first time smaller companies have outperformed since 1988.

That picture is in stark contrast to the current state of the market in small companies' shares. The health of the stock market depends on the level of demand from investors to buy and sell shares. When that demand falls off it becomes increasingly difficult to trade. One result is that market makers – the market professionals who commit themselves to providing a continuous market in companies' shares by buying and selling at quoted prices – become nervous about being left holding shares they cannot sell on, and so widen the difference between buying and selling prices (known as the market "touch").

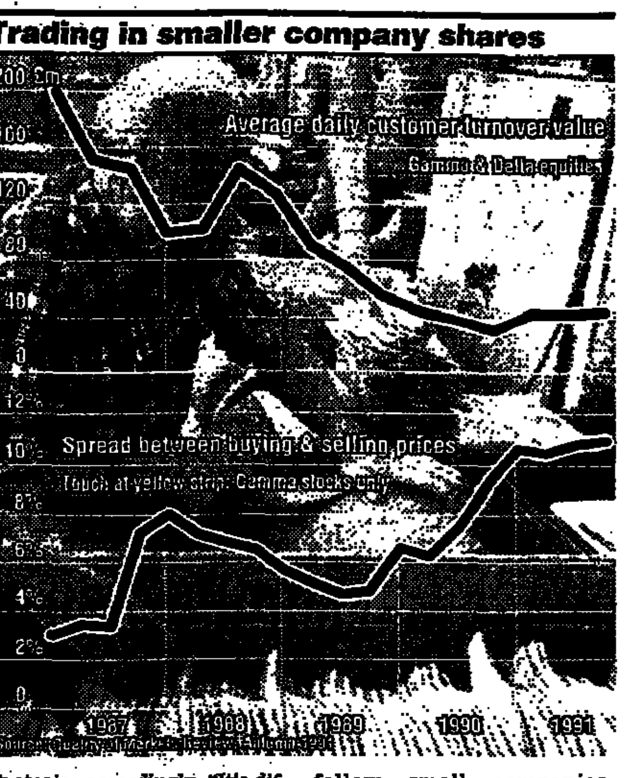
The result is clear from the graph. Four years ago, just ahead of the stock market crash, investors were buying and selling around £200m of shares in smaller companies every day. That figure has fallen to just £40m.

During the same period, the average "touch" between buying and selling prices has widened from around 3 per cent to nearer 11 per cent. That means that an investor who bought shares at the "touch" price would have to wait for them to appreciate in value by more than 10 per cent before being able to sell them again without incurring a loss – and that is before taking account of the extra costs of commissions and stamp duty.

One notable fact is that the quality of the market has barely improved this year, in spite of the recovery in the share prices of the companies concerned.

Investors in small company shares have generally become accustomed to these problems, and tailored their investment

**Trading in smaller company shares**




strategies accordingly. "It's difficult to get out once you have built up a sizeable position," says Mr Neil Baston, head of Norwich Union's small companies team. "We tend to try to build up a sizeable stake and stick with them over a number of years. That means we need to get as close to management as possible. We get the majority of information from them first hand."

Binding companies and their shareholders together in this way, forcing them to stay together through good and bad times, may seem an answer to the frequent complaints heard about short-termism by investing institutions. Shorn of the option of selling their shares with ease, investors are forced instead to put more effort into ensuring they get a long-term return on their investments. However, the lack of a liquid market has a price: it makes it difficult for new companies to raise capital publicly, and depresses the share prices of those already on the market.

It also helps to explain why few big institutions actively follow small companies. According to the Exchange, there are estimated to be only 12 to 15 major institutions in the market, with portfolios worth around £100m each: the market is left mainly to a spread of specialised funds.

According to Mr Andrew Priestley, chairman of Haemocell, a company with market capitalisation of around £27m: "The number of institutions prepared to participate in smaller companies has reduced dramatically."

Are these problems merely cyclical? Small companies are seen generally by investors as more exposed to a UK recession than larger ones. Typically, they are more dependent on UK earnings, and have a less diverse range of income streams to fall back on if their main product or market fares badly.

However, structural changes in the market suggest the current downturn is more than just a cyclical swing. The pattern of share ownership in the UK is increasingly determined by large investment institutions. These often argue that, given the costs, it does not pay them to maintain small shareholdings.

A further problem is the difficulty that market intermediaries – stockbrokers and market makers – are finding in making a living. With little turnover, commissions are low, making it difficult for brokers to recover the costs of researching smaller companies. Market makers, on the other hand, complain that much of the trading that does take place never crosses their books: it is handled in the back offices of stockbrokers, who simply match buyers and sellers.

A random sample of 10 companies taken by the exchange this autumn revealed that between 12 and 70 per cent of trading is matched by brokers, rather than passing through market makers. This is largely because, to build up a holding, most institutions place a purchase order with a broker to be filled over weeks or even months. The broker then builds the holding piece by piece, usually when other holders come to it to find a buyer. That makes brokers the centre of liquidity in many smaller companies' shares.

The exchange's answer to these problems will lead to a break with its current method of trading, and with one of the guiding principles that underpin the UK stock market. Instead of relying on competition between market makers to establish the "true" price of a company's shares, share trading will be funnelled through monopoly traders. The hope is that by concentrating orders in this way, supply and demand can reach a better equilibrium. But this price-formation mechanism will no longer be regulated by market forces: it will rely on regulation by the Exchange itself to make sure investors get a good deal.

Not surprisingly, the immediate response from many companies and investors has been negative – though this is by no means universal.

"I would have thought it was a retrograde step. We're quite happy as it is," says Mr Martin West, chief executive of London Scottish Bank. Several large institutions agree. One says: "It sounds like moving around deckchairs on the deck of the Titanic."

If the exchange wants real change, some say, it should force companies to float a larger proportion of their shares than the mere 10 per cent a company on the Unlisted Securities Market has to release. That would provide the market with a greater flow of shares to trade. That option, however, is not under review.

## Edward Mortimer

# Equals in misery

## Belatedly, the west is doing something for Kurds and Palestinians. But not enough

*FOREIGN AFFAIRS*

THREE years ago I compared the situation of two stateless peoples in the Middle East, the Palestinians and the Kurds, and concluded that for the first time, with the genocidal chemical offensives of 1988, the Kurds of northern Iraq had suffered a fate even worse than the wholesale displacement which is the lot of the Palestinians.

Since then there have mercifully been no more chemical attacks, but this year the whole of Iraq has suffered devastation, civil war, massacres and near-starvation as a result of President Saddam Hussein's invasion of Kuwait and the allied response to it. Probably the suffering of the Kurds has been surpassed by what happened to the Arab population in the south, but Kurdistan was more accessible to international news media. The spectacle of more than 2m Kurds fleeing into the mountains, and political pressure from Turkey which feared the consequences if many of them became long term refugees on its territory, brought about western intervention to set up the "safe haven" in April.

In July western forces withdrew, but the threat of renewed allied intervention, particularly from the air, has preserved a rough military balance in northern Iraq, while aid co-ordinated by the UN High Commission for Refugees (UNHCR) has enabled many Kurds to rebuild their homes or at least to construct some kind of "winterised" accommodation. And the Kurds should certainly be heartened by the new Turkish prime minister's pledge, in a speech on Sunday, to protect them against Iraqi "savagery".

Last week, however, the UNHCR reported that more than 200,000 Kurds had again fled their homes during six weeks of renewed shelling and intimidation by the Iraqi military. About half of these have no access to adequate shelter. Many will die of cold and malnutrition in the course of the winter. There is certainly neither peace nor security in the region, which is now subject to an economic blockade. President Saddam is denying food supplies to those whom the west has claimed as its protégés, in an attempt to demonstrate that they are the main victims of the UN-imposed sanctions. (Yet food is specifically exempt from those sanctions, and its scarcity results from Mr Saddam's own refusal to sell oil on terms prescribed by the UN to finance food and medicine purchases.) He wants the Kurds to sign an agreement aligning themselves with Baathism, a nationalist doctrine which relegates them, as non-Arabs, to second-class citizenship at best.

Meanwhile, what has happened to the Palestinians? Neither the *intifada*, which began four years ago this week, nor Mr Yassir Arafat's spectacular offer to negotiate peace with Israel a year later, produced the change in their fortunes that many hoped for. But the "linkage" between the Kuwaiti and Palestinian issues, however cynically proclaimed by Mr Saddam, has done something. It moved the Arab-Israel conflict higher up the scale of American priorities, while reinforcing Israel's sense of dependence on the US and making Arab governments, including that of Syria, more responsive to American advice.

**The Palestinians find themselves for the first time confronting Israel across a negotiating table on formally equal terms**

The Palestinians thus find themselves for the first time confronting Israel across a negotiating table on formally equal terms, and with some reason to hope that the US will persuade Israel to concede real autonomy in the occupied territories, leading just possibly to actual withdrawal from most of them in five years.

It is not much of a hope: the territories in question, even if one includes east Jerusalem (which Israel firmly refuses to do), constitute only 22 per cent of pre-1948 Palestine. But the alternative is Israel's continued military and economic squeeze on Arab inhabitants.

To secure even this quarter-loaf for the Palestinians, it is vital that President Bush retain the moral high ground *vis-à-vis* the Israeli government in the eyes of America. That is why he is asking the UN General Assembly to rescind its notorious resolution of 1975, which declared that "Zionism is a form of racism and racial discrimination".

Politically he is right to do so. The resolution was a grotesque example of the unreality which affected so much Third World politics, especially at the UN, in the mid 1970s. The General Assembly was not qualified, intellectually or morally, to make such a judgment about a political philosophy which it did not even trouble to define; and by doing so it alienated a large swathe of western opinion.

Privately most Arab governments would agree with this. But publicly they have served notice of their intention to oppose the repeal of the resolution – fearing, no doubt, that to act otherwise would hand a propaganda coup to Iran and anyone else interested in whipping up Arab opposition to the peace process. Sadly, their votes and speeches will be used to justify Israeli intransigence, to "prove" that the Arab states are, in spite of everything, incorrigibly antisemitic.

Anti-semitism and anti-Zionism are indeed often confused. Since the destruction of European Jewry by Hitler most surviving Jews have, understandably perhaps, become Zionists. That is, they have come to think of themselves as members of a Jewish nation, in the modern political sense of that term, represented by the state of Israel. That makes it all too easy for anti-semites to use "Zionist" as a code-word, and anti-Zionism as a stalking-horse.

Yet Zionism started by accepting the premise of anti-semitism, which is that Jews living outside the land of Israel are in some sense abnormal and do not belong where they are. And the Zionist project of creating a Jewish state in Palestine could not have been carried through without discrimination, since the vast majority of the population of Palestine at the beginning of this century was not Jewish. Its views and interests had to be set aside in favour of those, real or presumed, of "the Jewish people". In this sense the manner in which Israel now rules the occupied territories, and the various forms of discrimination still practised against non-Jewish citizens even within Israel proper, are not accidental aberrations but something contained in the essence of the project.

But, you will ask, how else could Jews have acquired a nation-state of their own? Are they the only people to be denied that right? My answer is that any nation which defines itself in terms of heredity, rather than as the common property of all those inhabiting a given territory, is indeed guilty of racism and will be obliged to adopt discriminatory practices towards those who live in "its" territory without belonging to it.

In one sense Zionism is perhaps less racist than other ethnic nationalisms: Jewish identity can be acquired by religious conversion. A defence could thus be mounted on the grounds that the discrimination involved is based on religious belief rather than on race as such. But I doubt if that defence would appeal to most Zionists, and in any case it would be inadequate, since no religious act or even affirmation is required of those who are born to Jewish mothers. They are assumed to be Jews, and are accorded all the legal and social privileges attaching to that status in Israel, even if (as is quite often the case) they proclaim themselves atheists.

Almost all nationalisms have some racist content, and Zionism would be no worse than many others if it confined itself to defending the existing Jewish state within agreed borders. Palestinians, if they are sincere about making peace with Israel, must be ready to live with Zionism as its ruling ideology. But to ask them to deny its racist character would be rather like expecting Kurds to adhere to Baathism.

# *LETTERS*

## Protecting the pensioners

*From R.E. Blair.*

Sir, The £900m which you report (December 7) as owed to the banks by the Maxwell family's private companies is money loaned voluntarily – however misguidedly – by the banks. The beneficiaries of the pension funds from which hundreds of millions of pounds were improperly extracted by Mr Maxwell had no say whatever in this action. For the banks to be ranked ahead of the pension funds in what can be salvaged from this mess is grossly immoral; they should not be entitled to one penny until the pension funds' claims have been settled.

R.E. Blair,
*Turret House,*
*Ivy Hatch,*
*Sevenoaks, Kent*

*From Mr Sean W.L. Hand.*

Sir, It would clearly be inappropriate to speculate about the activities of any individual involved with the Mirror Group Newspapers pension funds. Lord Donoghue's widely publicised remarks at the weekend illustrate just how vulnerable final salary occupational pension schemes are to abuse by the very people entrusted with their care. Pensions law in the UK is only effective to protect pension funds so long as either the trustees are scrupulously honest or members have the support of a vigilant trade union or pressure group and a fighting fund. It is time we took better care of our pensioners.

Sean W.L. Hand,
*Cameron Markby Hewitt,*
*Sceptre Court,*
*40 Tower Hill, London EC3*

## Utilities' competitiveness weakened by fragmented infrastructures

*From J.M. Harper.*

Sir, Your leader ("No way to sell a railway", December 9) was right about BR. But its basics held truth for other network utilities.

All their infrastructures should be held together, or where already fragmented they should be brought back under one regulated management. Their capacity should then be wholesaled on to separate unregulated retailers working in true competition.

To see why, one has only to look at telecoms. At the last count no fewer than 16 companies were building networks to replicate parts of that of BT; and there are more to come. The resulting fragmentation is a major reason why Britain, which invented digitalisation and optical fibre, is slipping rapidly down the world league in telecoms technology and manufacture. And the conflict between the duty to regulate and the political pressure to promote competition in the present format has so confused the regulator that he cannot do his job (your leader "Regulating the regulators", November 11 and many recent reports about BT).

Things went seriously wrong in the 1980s with our approach to network utilities in Britain. But I see symptoms which look alarmingly similar in gas and electricity; and all we weary commuters know there is a parallel in London Transport. It will be a must for the next government, whoever wins, to get things back on track.

Meanwhile you do an important service by canvassing reform. The wholesale/retail split is the clear place to start.

J.M. Harper,
*11 Lullington Close,*
*Seaford,*
*East Sussex*

## Large industrial power consumers not subsidised in past and not seeking subsidies now

*From I.J. Blakey.*

Sir, The chairman of National Power, Sir Trevor Holdsworth, claims that large industrial consumers of electricity were subsidised in the past and seek subsidies again (Letters, November 23).

What they actually obtained through former special schemes, and what they are now seeking, is recognition of their high average year-round loads which sustain production in the cheaper power stations. Why should they pay the high marginal costs caused by the domestic consumer on a cold winter evening?

*As Sir Trevor well knows, no* company in a competitive industry could expect to charge a major customer the same as an occasional buyer.

And what is Sir Trevor's evidence that electricity is subsidised to large users abroad, (presumably he means in continental Europe)? If he has any, he should bring it to the attention of Brussels. It could be that electricity enterprises there simply recognise commercial realities.

I.J. Blakey,
*Energy Intensive*
*Users Group,*
*5 Cromwell Road, London SW7*

## A tax to limit overtime

*From M. Littlewood.*

Sir, The argument about EC proposals to limit the hours of work could be easily solved by taxing the employer for overtime worked, at a progressive rate.

This would act as a disincentive to overtime work but would not prohibit it.

It would give the employer flexibility, at a cost, and it would encourage him to train others to avoid expensive overtime charges.

The social benefits would include reduced unemployment and a better trained population.

M. Littlewood,
*managing director,*
*Lomir International,*
*Forest Vale*
*Industrial Estate,*
*Cinderford,*
*Gloucestershire*

## Real benefit of references is in assimilating newly-hired employees

*From Mr T.P.E. Machin.*

Sir, Adrian Furnham (Recruitment, December 4), concludes correctly that letters of reference are "too susceptible to bias ... to be of any real value" in making appointment decisions.

The reality in much of UK business is that references are taken usually after written job offers have been made and accepted, and after successful candidates have resigned from their existing employers. Mr Furnham suggests that employers expect referees to be part of the "selection committee" and, if true, this presents potentially a conundrum for both employers and successful candidates.

Verbal references are mentioned only briefly in the article. Experience dictates, however, that professionally managed organisations are not relying on references to make a "go/no go" decision on candidates whom they have selected. They will have used in making appointments the types of mechanisms written about frequently by Michael Dixon (interviews, psychometric assessments, occupational tests etc) as appropriate to their vacant positions.

What relevant, properly-planned verbal references, taken from referees determined as much by employers (having thoroughly explored candidates' backgrounds) will provide, is assistance in assimilating new employees into their new culture. This allows the frequently ignored and badly executed induction process to be improved, thereby making newly-hired employees more quickly effective in their new working environments.

T.P.E. Machin,
*271 Kenilworth Road,*
*Balsall Common,*
*Coventry*

*From Mr Adrian Williams.*

Sir, Adrian Furnham's article moves me to offer you two that your readers might find useful. They are:

"You will be very lucky if you can get this man to work for you."

"She left us as she came: fired with enthusiasm".

Adrian Williams,
*28 Trinity Street,*
*St Ebbes, Oxford*

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FINANCIAL TIMES
Wednesday December 11 1991

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## Doubts cast on Yeltsin's proposed economic reforms

# Soviet conditions 'dangerously unstable', CIA director warns

**By Lionel Barber,** US Editor, in Washington

THE US warned yesterday that conditions in the Soviet Union were "dangerously unstable" and predicted the worst civil disorder this winter in more than 70 years.

Mr Robert Gates, the new Central Intelligence Agency director, said economic and social problems could overwhelm the fledgling democratic Soviet republics.

Speaking to the House Armed Services committee, he said that a return to authoritarian government remained possible.

Mr Gates' warning came amid a continuing power struggle in Moscow between Mr Boris Yeltsin and Soviet President Mikhail Gorbachev who has objected strongly to the Russian president's weekend agreement to form a commonwealth with Ukraine and Belorussia.

In his congressional testimony, Mr Gates cast doubt on whether Mr Yeltsin would be able to carry out proposed economic reforms next month.

Market reforms would be accompanied by inflation and unemployment which could generate a social explosion, he said.

"The possibility cannot be ruled out that such circumstances could produce a return to authoritarian government – whether led by reformers desperate to feed the people and stave off an explosion or by nationalists driven by a xenophobic, atavistic vision of Russia," Mr Gates said.

**Hard lines: the lifting of price controls will do little to cheer queues in Moscow shops**

Since he took over as CIA director, Mr Gates has ordered at least 10 different studies into the disintegration of what he described on several occasions yesterday as "the former Soviet Union".

The CIA is focusing special attention on the 27,000-plus nuclear weapons which are stationed in Russia, Belorussia, Ukraine and Kazakhstan, as well as the risks of possible export of Soviet equipment to raise hard currency.

But another factor looming large is the lack of political control over the Soviet armed forces.

US concern rose this week after Mr Gorbachev, who remains in charge of the Red Army, denounced the weekend declaration by the three Slav republican leaders that the old Soviet Union stood dissolved.

The fear is that divided political control could inspire a backlash from the armed forces which want clear operating orders and are already facing severe economic hardship this winter.

# Customers to receive new code on banking practices

**By David Barchard**

A NEW CODE to guarantee minimum standards of banking practice and protect personal customers' rights is to be unveiled tomorrow after nearly two years of negotiations between the banks, building societies, and consumer groups.

The voluntary code will tell customers what they can expect from their banks and help them to understand how their accounts operate.

It is expected to come into force on March 16, and all bank customers will be issued with a copy of it when they open an account.

After months of drawn-out talks with consumers groups, the banks have made what they see as substantial concessions, but the code is still likely to incur some criticism from the consumer lobby.

Consumers' organisations attacked the first draft of the code a year ago, saying it merely formalised the existing high-handed practices of the banks and did little to improve the quality of services offered to customers.

One important concession in the final version of the code is that the banks undertake not to pass on customer information to the marketing arms of other subsidiaries within the same group unless they receive the express consent of the person concerned. Customers will be reminded at regular intervals of their right to stop marketing information being passed on.

In disputes over payment card transactions, the burden of proof will now rest on the bank and not on the customer in cases where a card has been intercepted on its way to the customer and misused.

The banks will also comply with customer requests not to issue personal identification numbers with cheque guarantee cards when a customer does not want a card which can be used to draw cash from a hole-in-the-wall machine.

Consumers groups have been urging the banks not to issue cards which can perform functions which customers do not want, for example combined cash machine, cheque guarantee, and debit cards.

This follows a similar recommendation by the Jack Committee which reported on bank customer relations two years ago. The Treasury is expected to endorse the code in a statement on Thursday.

The banking ombudsman has already indicated his general approval. Consumer groups are likely to give it a broad welcome, though the banks are braced for criticism from the Consumers Association that they have failed to introduce advance notification of charges on accounts.

Banks say that providing advance notification of charges would pose difficulties for their existing computer systems and would cost more than £100m to introduce as well as a further £50m in annual overheads.

## THE LEX COLUMN

# Redland picks up the gauntlet

Last week's joint venture proposals from Tarmac and Steetley were a clear challenge to the rest of the UK building materials sector. Even so, the speed of Redland's response yesterday was a surprise. Given rumours that Redland had been stalking its prey for some months, the market might have seen it coming. But many a mooted takeover this autumn has failed to materialise, and Redland was known to be of the view that the bottom of the cycle has not necessarily been reached.

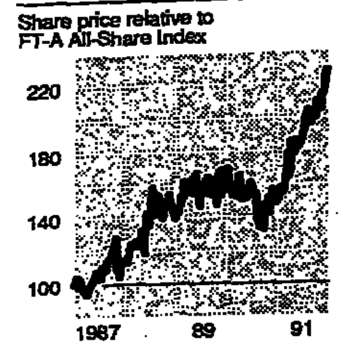
Although the reaction in Redland's shares had reduced the value of the part cash alternative to 352p last night, Steetley's closing price of 336p provides little encouragement for the defence. The market is clearly impressed by the possible savings, even if talk of no earnings dilution next year looks optimistic. The recent record of Redland's younger management team is better, even if there is little to choose on a longer view. And as the bids for Invergordon and Ultramar have demonstrated this year, it does not do to count on an auction developing.

The competition authorities could certainly present a hurdle or two in the UK, but there is little reason to think these cannot be overcome when Europe is the bigger prize. Steetley's doubtless robust defence will presumably ensure some improvement on the present unseasonal terms.

FT-SE Index: 2,392.0 (-17.6)

**Inchcape**

Share price relative to FT-A All-Share Index




Source: Datastream

### UK economy

Yesterday's producer price figures may have been slightly distorted by higher food prices in November. But they still offer a much more accurate picture of underlying inflation than the retail price index, which is likely to show a slight uptick when it is published on Friday. Excluding the volatile elements of food, drink and tobacco, producer price inflation has now fallen to a year-on-year rate of 4 per cent. With the weaker dollar likely to feed through into lower energy input costs and the possibility that unit labour costs may actually fall next year, underlying inflation should be on a firmly declining trend. This should be good news for gilts, although the implication was lost yesterday as attention focused more closely on the Maastricht summit. The immediate risk to sterling from a crisis in the talks on monetary union seems to have lifted. The currency was in any case helped yesterday by an attack of nerves suffered by the D-Mark on worries about the Soviet Union. The risk remains more in the domestic political response to the summit.

A serious hand-bagging from Mrs Thatcher for Mr Major on his return could revive political worries in financial markets. Otherwise, the better news on inflation, together with relief that a potential currency crisis has been averted, could prompt a rebound in the gilts market, especially since the prospect of core inflation in the 3 per cent range next year makes real yields unusually attractive.

### Inchcape

Inchcape's £376m rights issue and acquisition of Tozer Kemsley & Millbourn is a deal to be savoured, not least by banks owed money by the vendor, Sir Ron Brierley. TKM will boost Inchcape's already impressive worldwide reach in the lucrative market of motor importing and distribution, as well as adding a neat batch of retailing assets. Inchcape is buying at the bottom of the cycle for less than 10 times TKM's forecast £39.5m 1991 earnings. If its assumptions are right, the deal will immediately improve earnings. Gearing, assuming a further £65m of acquisitions in its marketing and services operations, will rise to around 30 per cent. Small wonder that it all has the blessing of Toyota, the franchise of which has helped to propel Inchcape thus far.

One obvious question is why Sir Ron decided to sell. Apart from his bankers' need for cash, the answer is probably that the astonishing rate of return from TKM – since 1984, shareholders' funds have risen fourteenfold – slowed this year and was likely to be less dramatic in future.

Inchcape may be selling fewer Rolls-Royces in Hong Kong these days, but it has quietly reinforced the notion that it has been one of the class acts of the recession. It is forecasting 9 per cent earnings growth this year, accompanied by a 6 per cent dividend increase. Since its annual results last April its shares have outperformed the market by a quarter. The rate may slow, but the trend looks set to continue.

### UK retailing

The UK market is going through another fit of nerves about the retail sector, and rightly so. It seems certain by now that this Christmas will be the worst since the last recession. For retailers in London and the South East it will be worse. The picture gained from last weekend is clouded by the fact that the corresponding weekend last year was hit by blizzards. But sales at John Lewis, for example, are running 3 per cent below a year ago. In the last two weeks before Christmas last year, the situation was saved by a last-minute surge in sales of some 15 per cent. A repeat performance cannot be ruled out, but it would not do to count on it.

For retailers such as Ratners and Argos, who derive at least a quarter of their sales and much more of their profits from the month of December, the outlook is correspondingly glum. Granted, Ratners has already shifted a good deal of stock through general price-slashing, while Argos is much more flexible in its stock levels in the first place. But the nagging fact remains that the sector is at a handsome premium to the market on a historic multiple of around 17. Its defenders argue that the quality stocks such as Marks and Spencer, Boots and Kingfisher are not highly borrowed and are a necessary part of any portfolio geared to discount recovery. But the problem is one of timing. It is worth recalling that the bulls of the construction sector, for example, were calling the turn eighteen months ago.

### Lasmo/Ultramar

Yesterday's double rap on Lasmo's knuckles from the Takeover Panel may have more serious repercussions than the company or its advisers care to admit. It is one thing to play a hard game; it is quite another to overplay a hand to the point where institutions might reasonably question the predator's judgment.

# A man living with his party's past

**Philip Stephens** assesses John Major's performance at Maastricht

THE British prime minister is a "charming, very courteous" man with whom it is easy to establish a personal rapport. But he was also "a little behind-the-times". He looked too often to the past. Europe needed to look to the future.

That description of Mr John Major was offered by Mr Roland Dumas, the French foreign minister. It was one that echoed the thoughts of many others in Maastricht.

It was an unsettling assessment for Mr Major as he battled against his partners' insistence that political union treaty must include a social dimension to regulate working conditions across Europe

Mr Major does not share the post-imperial pretensions – nor the haunting distrust of Germany – which sour the approach to Europe of some in his Conservative party. Nor would he accept that the liberalisation of Britain's employment market over the past decade has been anything but a step forward – an escape from the corporatism of the 1960s and 1970s.

From the moment he took office Mr Major pledged to return Britain to the European mainstream. An assiduous believer in personal contact, he has travelled more frequently to other Community capitals than any prime minister since Mr Edward Heath.

**Battling: John Major**

He has talked with Chancellor Helmut Kohl on no fewer than nine occasions. But he seems acutely conscious that he has no choice but to live with his party's uncomfortable past at this summit, at least until he has secured a new mandate at the next election.

Mr Major is prime minister at Maastricht only because the politics of Europe triggered the fall of Mrs Margaret Thatcher. She and a small band of "Eurospectics" at Westminster will pore over every word of any document he signs.

They are ready to repudiate almost any deal. Perhaps 20 or 30 Conservative MPs are set to oppose in parliament plans for a single European currency – the more so now that Britain's partners have set dates for the enterprise.

Soothing talk that nothing will actually happen until the economies of Europe have converged will not dissuade them from the view that the European Union, as it will henceforth be called, is frogmarching Britain towards federalism.

Those rebels who will not be reconciled have been discounted in Mr Major's negotiating stance. He has a majority in parliament without them.

What has haunted him in the past two days has been the risk that, if he is judged by others in the party to have moved too far on the "conveyor belt" to federalism – albeit without the F-word in the political union treaty – then a revolt might become unmanageable.

Some in the cabinet believe that that is a misjudgment, that Mr Major still underestimates his own authority. But the prime minister is a cautious man whose first real experience of serious politics was in the role of a party manager at Westminster. He will not risk the support of his constituency in the party.

His parliamentary colleagues have swallowed much as Mr Major has chipped away at the legacy of his predecessor. But the trades union reform and deregulation which formed the core of her strategy for the 1990s are sacrosanct.

So for a moment yesterday his stance on the social dimension revived poignant memories of summits enlivened by Mrs Thatcher. His much-vaunted friendship with Chancellor Kohl won him no ground as the German leader breakfasted and then took tea with President François Mitterrand.

The successes that Britain had achieved in other sections of the treaty were lost in the talk of isolation and vetoes.

Mr Major's aides began to prepare the ground for the possible acceptance of a let-out clause on social policy to run alongside that on monetary union.

It would placate potential rebels in his party but it would leave British voters, to whom he must turn within six months, wondering why they had to be treated differently from their counterparts in France or Germany.

# Britain isolated in summit row on social policy

Continued from Page 1

liament more legislative powers.

But to the relief of Britain and Germany, a new treaty chapter on EC industrial policy has been weakened, heading off the possibility of interventionist proposals from the Brussels Commission. Spain's insistent demands for more money for poorer southern countries has led to a treaty clause creating a new "cohesion" fund, to help them meet EC environmental standards and improve transport links with the rest of the Community.

Madrid also won a protocol to the treaty committing the Twelve to reform the EC budget next year to better match countries' economic means and needs. UK officials claim that many southern governments privately fear the treaty's social policy provisions, but that only Britain is ready to make its opposition public.

"We believe the social [policy] elements in the treaty would damage Europe, not just the UK" in the competitive race with the US and Japan, a UK official said.

Britain has complained that the European Commission is misusing current Treaty of Rome provisions. In particular, it was incensed that the recent proposal to limit working hours was dressed up as a health and safety measure, permitting majority voting, when London maintained this was a plan affecting general employee welfare, an area subject to unanimity.

But the Dutch presidency retorted yesterday that it was precisely to meet these UK objections that it tabled its compromise plan.

● European government leaders termed "unacceptable" the recent rise in prejudice and violence against foreigners. They said they were preoccupied by the "demonstrations of racism and xenophobia" and voiced their "utter rejection" of racism.

● Austria and Sweden have been singled out for early entry into the European Community, according to a declaration drafted for EC leaders to approve.

The move is designed to show the Community's neighbours that political and monetary union is not aimed at setting up a fresh barrier to new entrants. "Any European state whose systems of government are founded on the principle of democracy may apply to become members of the Union", the draft statement says.

# Report shows £500m Maxwell loan losses

Continued from Page 1

tion of the private companies' assets. There are two main reasons for this:

● The valuations of certain operating companies, made by the US investment bank, Bankers Trust, are regarded as too high by many bankers. The European newspaper is for example valued at £27m, even though the Coopers report said it was likely to absorb £3m of cash in the six weeks to 3 January.

● The valuation takes no account of the effect on the value of MGN and MCC of the discovery that more than £700m of funds had been secretly withdrawn both from their own accounts and from the accounts of their pension funds. A more realistic valuation of MGN and MCC, in the light of this new information, would probably reduce the overall value the private companies' assets by at least £400m.

The bottom line is that the private companies may only have just enough assets to cover the secured bank debt of £666m. All other loans to the private companies may be lost.

The Coopers report also discloses which banks are likely to be the winners and losers from a carve up of the private companies' assets.

NatWest has the greatest volume of loans at £155m. Coopers also says it has clean claim to collateral totalling £197m. That is almost certainly an overstatement, since the document also discloses that part of its collateral is 83.2m MCC shares, which are almost certainly worthless.

On the other hand, it also has control of 131.4m MGN shares, worth £164m at the 125p price at which the shares were suspended last week.

Lloyds has one bilateral loan to the private companies of £20m, but has security worth only £16m on the basis of the Coopers report. This security is likely to be worth far less, since it contains 19.2m MCC shares. It has a further loan of £5m, for which there is no security at all.

## WORLDWIDE WEATHER

Today: England, Wales and southern Scotland will be dry and sunny after a frosty start, with freezing fog. Some fog may linger over southern Scotland and northern England all day. N Ireland and the rest of Scotland will be cloudy but dry. Outlook: rain spreading across Scotland, possibly reaching southern England by Friday.

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 11 | 52 | Bordeaux | S | 7 | 45 | Dallas | | – | – | Innsbruck | S | -3 | 27 |
| Algiers | S | 15 | 59 | Boulogne | S | 0 | 32 | Dublin | S | 7 | 45 | Inverness | S | 5 | 41 |
| Amsterdam | S | -1 | 30 | Bristol | S | 2 | 36 | Dubrovnik | | – | – | Isle of Man | S | 7 | 45 |
| Athens | C | 5 | 41 | Brussels | S | -2 | 28 | Edinburgh | Fg | -2 | 28 | Istanbul | F | -1 | 30 |
| Bahrain | S | 25 | 77 | Budapest | S | -1 | 30 | Faro | C | 16 | 61 | Jersey | S | 2 | 36 |
| Barcelona | R | 8 | 46 | Buenos Aires | | – | – | Florence | S | 3 | 37 | Johannesburg | F | 22 | 72 |
| Belfast | C | 5 | 41 | Cairo | C | 15 | 59 | Frankfurt | S | -3 | 27 | Las Palmas | S | 21 | 70 |
| Belgrade | Sn | -7 | 19 | Cape Town | S | 21 | 70 | Geneva | C | 0 | 32 | Leeds | Fg | 0 | 32 |
| Berlin | S | -5 | 23 | Cardiff | S | 2 | 36 | Gibraltar | R | 14 | 57 | Lisbon | C | 11 | 52 |
| Biarritz | S | 9 | 48 | Chicago | | – | – | Glasgow | Fg | -3 | 27 | Locarno | S | 1 | 34 |
| Birmingham | Fg | -2 | 28 | Cologne | S | -1 | 30 | Guernsey | S | 4 | 39 | London | S | 5 | 41 |
| Blackpool | S | 3 | 37 | Copenhagen | S | 1 | 34 | Helsinki | C | 0 | 32 | Los Angeles | | – | – |
| Bombay | S | 30 | 86 | Corfu | S | 8 | 46 | Hong Kong | F | 21 | 70 | Luxembourg | S | -3 | 27 |

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Madeira | F | 20 | 68 | Nairobi | C | 22 | 72 | Prague | C | -8 | 18 | Tel Aviv | C | 11 | 52 |
| Madrid | S | 9 | 48 | Naples | S | 6 | 43 | Reykjavik | C | 1 | 34 | Tenerife | S | 22 | 72 |
| Majorca | S | 14 | 57 | Nassau | | – | – | Rhodes | F | 10 | 50 | Tokyo | F | 11 | 52 |
| Malaga | Dr | 12 | 54 | Newcastle | F | 2 | 36 | Rio de Janeiro | | – | – | Toronto | | – | – |
| Malta | F | 9 | 48 | New Delhi | S | 23 | 73 | Rome | S | 7 | 45 | Tunis | R | 10 | 50 |
| Manchester | S | 5 | 41 | New York | | – | – | Salzburg | S | -8 | 18 | Valencia | R | 10 | 50 |
| Melbourne | C | 14 | 57 | Nice | S | 10 | 50 | S'Francisco | | – | – | Vancouver | | – | – |
| Mexico City | | – | – | Nicosia | F | 14 | 57 | Seoul | C | 2 | 36 | Venice | S | 0 | 32 |
| Miami | | – | – | Oporto | F | 15 | 59 | Singapore | R | 26 | 79 | Vienna | C | -8 | 18 |
| Milan | F | 1 | 34 | Oslo | C | 1 | 34 | Stockholm | C | 0 | 32 | Warsaw | C | -3 | 27 |
| Montreal | | – | – | Paris | S | -1 | 30 | Strasbourg | S | -4 | 25 | Washington | | – | – |
| Moscow | C | -4 | 25 | Peking | S | 1 | 34 | Sydney | S | 27 | 81 | Wellington | | – | – |
| Munich | S | -10 | 14 | Perth | S | 34 | 93 | Tangier | F | 17 | 63 | Zurich | Sn | -6 | 21 |

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder



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FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday December 11 1991





## INSIDE

### Efficiency gains help Manweb advance

Efficiencygains helped Manweb, the regional UK electricity company covering Manchester and North Wales, to raise earnings by 47 per cent in the six months to September 30. Pre-tax profits amounted to £27.5m ($48.67m), up from £18.7m in the same period a year earlier. The dividend was raised by 13.5 per cent to 5.45p. Manweb said that the improved result was achieved through cost reductions. **Page 26** Midlands Electricity announced pre-tax profits of £27m for the half year to September 30, against £18.3m pro forma the previous year. **Page 25**

### Pan Am sale benefits UAL

SharesinUnited Airlines, the large Chicago-based carrier, jumped yesterday after the carrier emerged as the largest beneficiary of the Pan Am auction which ended shortly before midnight on Monday. UAL ended up acquiring the bulk of Pan Am's Latin American/Caribbean routes for $135m (£76.20m). **Page 21**

### Calendar looks busy

Corporateadvisers expect several large international equity offerings from European companies next year, in addition to further issues from the emerging markets of Latin America and the Far East. Activity in the international equity markets has started to slow down ahead of the Christmas holiday season, but corporate advisers say the calendar for early 1992 is starting to look busy. **Page 23**

### Televisa capital for sale

Televisa,Mexico's privately owned television company, has put up for sale 20 per cent of its capital for $740m (£418m). The initial public offering was made available simultaneously in the Mexican, New York and other stock markets. The placement, if successful, will be Mexico's second largest equity offering. **Page 21**

### Mr Gardini in FFr1.65bn deal

SucresetDenrées (Sucden) the debt-laden French commodity trader, yesterday announced it had sold three industrial units and a stake in the parent company for a total of FFr1.65bn ($311m) to a consortium led by Mr Raul Gardini, the Italian businessman. **Page 20**

### Gas crisis in east Germany

EasternGermany's battered industry may be faced with new crises early next year. If a price agreement cannot be reached within the next three weeks, Germany's five new states could find themselves extremely short of gas over the coming months. **Page 30**

### Three surge ahead

Atrioofemerging markets each rose by more than 30 per cent in dollar terms last month. These leaders were scattered in different continents: Colombia in America, Pakistan in Asia, and Turkey in Europe. The best was Colombia, which gained 36 per cent in dollar terms, according to the International Finance Corporation (IFC), part of the World Bank. **Back Page**

### Steel group buys into software

NipponSteel,the world's largest steel producer, is to purchase up to 25 per cent of the Japanese subsidiary of Oracle Systems, a leading US software company, as part of its continued diversification into the computer industry. **Page 22**

### Treasuries firmer

Amidcontinuedhopes of imminent easing by the Federal Reserves, US Treasury bond prices firmed at both ends of the market yesterday morning in response to a report from the National Association of Purchasing Management that forecast weak economic growth in 1992. **Page 23**

**Due to production difficulties there is no index**



# Redland launches bid for Steetley

**By Our Financial Staff** in London

REDLAND, the UK-based buildings materials group, yesterday launched a bid for Steetley which valued the company at £615m ($1.08bn).

Steetley is one of Europe's biggest aggregates producers, and a substantial manufacturer of ready-mix concrete. It is also a substantial manufacturer of quality facing bricks and clay tiles in the UK. The offer consists of 85 Redland shares for every 100 of Steetley.

Last week, Steetley announced a building products joint venture with Tarmac which Redland claimed yesterday would cede control of Steetley's UK brick business on terms which were unfavourable to the company. Redland said yesterday its offer would be conditional on the joint venture not proceeding.

Redland said that its profits before tax for the year ending this month would be not less than £185m, and that its earnings for the same period would be not less than 30p per share. The company promised a final net dividend of 16.75p per share, making a payment for the year of 25p.

Profits in 1990 amounted to £245m pre-tax.

Redland said that if the bid was successful it would expect to pay an increased dividend on its larger share capital in the year to December 1992.

Mr Robert Napier, chief executive of Redland, claimed yesterday: "The combination is truly visionary."

Work had been going on for a year or two on the scheme to merge with Steetley, codenamed Merlin, and the arguments had been presented to Redland's board this June. A merger with Steetley would give the combined group brick manufacturing capacity of 800m units which Redland expects to reduce to 650m through permanent closures of between 11 and 13 plants. This would include five of its own with manufacturing capacity for 50m bricks, which Redland has already temporarily closed.

Mr Corbett said Redland was confident that cost savings to a merged group through production synergies, reduced overheads, purchasing economies and distribution benefits would cover the bid premium.

There are additional benefits of pulling together the financing operations of the two groups and for Redland there is the additional attraction of being able to use Steetley's capacity to offset profits against advance corporation tax. Redland, which derives more than 70 per cent of group profits outside the UK, does not have sufficient UK profits to offset against ACT.

Lex, Page 18

# French postpone sale of Elf shares

**By Alice Rawsthorn** in Paris

THE French government yesterday announced it was postponing the proposed FFr2bn ($360m) sale of shares in Elf-Aquitaine, France's largest state-owned company, because of the depressed state of the Paris stock market.

Elf, which has interests in oil and chemicals, was intended to be the first candidate for the socialist government's controversial partial privatisation programme. The success of the Elf share sale was seen as critical for the government's plan to sell off minority holdings in a number of other public sector companies, including insurance houses and other industrial groups.

Mr Pierre Bérégovoy, the French finance minister, was yesterday expected to announce the price for the share sale which was to involve selling 2 per cent of Elf's equity, thereby reducing the state's holding from 53.8 per cent to 51.5 per cent.

Instead the government announced it was postponing the sale due to concern about the weak state of the French stock market. The Paris Bourse has lost roughly 12 per cent of its value in the past four weeks following the Wall Street "mini-crash" in mid-November and the rise in French interest rates.

Elf's share price has fallen, reflecting the market's weakness. The company's shares, which were worth FFr435 on November 15, the day of the Wall Street mini-crash, had slipped to FFr350.40 by the end of trading yesterday.

Given that the government was unwilling to risk a flop at the start of the partial privatisation programme, it decided to delay the Elf share sale until market conditions improve. Under the terms of the proposed partial privatisation the government reserved the right to postpone the issue if it judged that market conditions were not favourable.

Four years ago the right wing French government, under Mr Jacques Chirac, encountered difficulty when it decided to go ahead with the privatisation of Compagnie Financière de Suez, one of France's leading financial groups, in the depressed market in the wake of the 1987 Wall Street crash.

The government yesterday stressed the Elf share sale had been postponed, not cancelled.

Earlier this month the government concluded the successful FFr1.89bn flotation of a 25 per cent stake in Crédit Local de France.

**Ariane Genillard** reports on the privatisation of a Czech brewery

# Trying to pour money into beer barrels

In a cellar in northern Bohemia, 10 metres underground, sit 5,000 old wooden barrels filled to the brim with a yellow bubbly liquid which, every two months, turns out as one of the best beers in the world.

Since the "For sale" sign went up on most of Czechoslovakia's enterprises, western buyers have flocked to try and buy the breweries, but, unlike anything else in Czechoslovakia, they will not be sold to foreigners.

Pilsen Breweries is a legend in Czechoslovakia and abroad and the Czech government has said the breweries will remain in Czech hands. But privatising one of the most desirable enterprises in the country has proven no easy task.

Under Czechoslovakia's privatisation programme, parts of state-owned enterprises are to be distributed for a small fee to local citizens in the form of vouchers, which will become shares once the privatisation process is completed. People wishing to participate in the distribution will be able to choose vouchers from a variety of companies. Any such investor will prefer a Pilsen Breweries' voucher to those of some other less known, possibly defunct, industrial manufacturer.

In an obscure office in the federal finance ministry, officials are devising a huge computer network to balance voucher demand and supply over the months until some value is attributed to each company's equity. What happens when hundreds of thousands of investors try to acquire vouchers from the famous breweries?

"Whether the government decides that 5 per cent of Pilsen Breweries or 60 per cent will be available for vouchers, the whole thing is a nightmare," says a Prague banker. "At best, you will need to cluster investors together, each holding a tiny fraction of what will become a share. This will prove to be a rather unworkable bunch of shareholders."

Instead, Mr Pavel Gregoric, until recently director of the brewery, had a better privatisation idea – sell portions of the equity to a handful of local investors.

"Finding the money when it comes to Pilsen Breweries is no problem. Just recently, one person bought a brewery in Slovakia for Kcs350m ($11.5m)," said Mr Gregoric.

Picture: Trevor Humphries

Pils parade in a London pub: exports of Czech beer to the west have increased 70 per cent in 1991

The large sums of money flaunted in the privatisation of smaller enterprises has raised suspicions in the general public: people wonder how so much money could have been accumulated. "Either it's illegal money or it is someone who held a special position in the old regime," say the local press.

Mr Gregoric, recently dismissed by the agricultural ministry which supervises the breweries, was planning the sort of manoeuvre the newspapers mistrust, according to his colleagues.

Part of his plan, colleagues said, was to commit partial future ownership of the firm to a German brewery. For the right to acquire at a later date the shares of some local investors, the German brewery was willing to pay the director a handsome fee.

Mr Gregoric had one advantage over the German buyer – he knew he would not last as general director. Under a law recently adopted in the federal parliament, former collaborators, members of the communist People's Militia or communist party officials cannot hold public office. As a director of a state-owned company who was once was a member of the People's Militia, Mr Gregoric was clearly unlikely to last.

So much for that privatisation project. In the meantime, the privatisation of Pilsen Breweries is being further delayed, at a great cost to the enterprise.

"As long as we are not privatised, we are no better than a nail factory," said Mr Stanislav Svec, commercial director. "We don't know what our future owners will demand, such as dividends for example, and we don't know what are our investment programme can be."

Pilsen Breweries, which produces 3m hectolitres of beer a year, badly needs modernising to be able to compete in the world market. Ironically, the lack of investment under the former regime has kept the quality of the beer at the top of world standards.

But productivity is low. Three to five times more employees are needed to produce the same quantity of hectolitres as in foreign breweries. Every two months, in the factory's courtyard, employees wash the old wooden barrels by hand – only a few have been replaced by copper barrels.

Management has already devised ingenious ways to save money and increase revenues. In November, the enterprises issued six-month commercial paper worth Kcs100m, with a yield to the investor of 14.2 per cent.

This was not only the first issue of commercial papers to local investors in Czechoslovakia, it was also much cheaper than interests on loans from local banks.

Exports to western countries have increased 70 per cent in 1991 compared with 1990, with the US the biggest customer, according to Mr Miroslav Opatrny, head of exports division.

But the company's employees are worried about the fate of the breweries. Delays in the privatisation have demoralised some employees who could find better-paid jobs in the private sector. One employee said: "Any head brewer in a small German brewery earns 10 times more than here."

Unlike his colleagues, Mr Pavel Pucha, head brewer at Pilsen, is not thinking about leaving the brewery yet, at least not before its 150th anniversary next year. "It's not just a question of money," he says. "Here, we say beer is our liquid bread anyway."

# Inchcape in £383m acquisition

**By Our Financial Staff** in London

INCHCAPE, the international motor distribution and retailing, services and marketing group is to take over Tozer Kemsley & Millbourn, the motor distribution and retailing subsidiary of Brierley Investments in a deal worth up to £382.5m ($677.02m).

Inchcape, already one of the world's largest independent car distribution and retail groups, is planning an unusually structured one-for-three rights issue to raise £376.2m.

The rights issue is priced at 310p per share. Inchcape shares tumbled 18p to 383p after the announcement.

Tozer Kemsley's main businesses are import, distribution and retailing of vehicles in the UK, Ireland, France and Australia. Inchcape said it expected to make pre-tax profits of not less than £180m in the year to end December 1991, compared with pre-tax profits of £174m in 1990.

It said it intended to recommend a final dividend of not less than 7.5p a share, making a total of 12.5p net for the year. The 1990 dividend was 11.8p net. It forecast 1991 earnings per share of 27.7p against 26.1p in 1990.

Tozer Kemsley's retail activities, which accounted for 18 per cent of profit in 1990, consist of 55 outlets in the UK – 48 in the Wadham Kenning Motor Group and seven in the Cooper Group – as well as 11 outlets in France.

Inchcape said its rights issue to pay for the acquisition would be in the form of non-interest-bearing convertible unsecured loan stock, payable in two equal instalments which would then convert automatically into new ordinary shares.

Payment of the first instalment, not conditional on the acquisition, will raise £196.7m before expenses and the second instalment, conditional on approval of the acquisition, will raise the remaining £196.7m before expenses.

If the acquisition does not go ahead and the second instalment is not needed, the rights issue will be on the basis of one new ordinary share for every six ordinary shares.

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# Devenish profits exceed forecast

**By Philip Rawstorne** in London

J.A. DEVENISH, the UK west country-based pub retailing company, which earlier this year beat off a takeover bid from Boddington, increased full year pre-tax profits from £11.26m ($19.82m) to £11.47m.

The result just exceeded the £11.3m forecast made by Devenish in its defence campaign in May which cost £2.35m.

Defence costs are included in an extraordinary charge of £5.14m which also takes account of the closure costs of the company's brewery and the £10.4m profit on the sale of its wholesale business during restructuring.

"We are now a clearly focused retailing operation," said Mr Michael Cannon, chairman. "There are opportunities for growth and we are determined to increase our estate." The company plans to acquire another 100 pubs over the next three years.

Turnover on continuing activities in the year ended September 30 rose from £58.15m to £62.48m. In spite of difficult trading conditions, operating profits increased 9 per cent to £15.46m from £14.19m. Managed pubs performed strongly with profits 13.6 per cent ahead.

"Trading in the first two months of the current year is in line with our expectations and ahead of last year," said Mr Cannon.

A revaluation of the company's 230 managed houses showed a reduction of £4.94m since the previous year; and tenanted pubs sold during the year have, on average, realised prices 2.9 per cent below book value.

The balance sheet has been strengthened, with borrowings down from £35.1m to £14.9m; and gearing reduced from 23.4 per cent to 10.5 per cent.

Fully diluted earnings per share grew from 16.37p to 16.41p; and a final dividend of 5.05p (4.25p) lifts the total payout 17.9 per cent to 6.25p.

# Gardini consortium buys FFr1.65bn Sucden assets

By William Dawkins in Paris

SUCRES et Denrées (Sucden) the debt-laden French commodity trader, yesterday announced it had sold three industrial units and a stake in the parent company for a total of FFr1.65bn ($311m) to a consortium led by Mr Raul Gardini, the Italian businessman.

The complex deal gives Mr Gardini, acting with Mr Jean-Marc Vernes, chairman of the Italian-owned sugar producer Béghin-Say, control over Barry, the French company's cocoa bean processing subsidiary and leader in the world market, plus Vital and Sogeviandes, which together represent France's largest private meat trading and processing business.

Barry recorded a turnover of FFr2.96bn last year and employs 2,400 people, while Vital and Sogeviandes had combined sales of FFr4.6bn in 1990 and employ 2,200 staff.

Mr Gardini and Mr Vernes will also take a 16.6 per cent stake in Sucden and lend it FFr400m, repayable in shares which could bring their stake up to to 39 per cent by 1996, when the loan must be repaid. Mr Serge Varsano, the 35-year-old son of Sucden's founder, who has run the group for the past three years, will continue to be the majority shareholder.

The FFr1.65bn cost of the deal is made up of a FFr1.1bn contribution to a new industrial holding company, in which Sucden will at the same time buy a minority stake; FFr150m for the stake in the French group, plus the loan. Sucden will pay FFr400m for 26.7 per cent of the holding group, the rest of which will be held by Mr Gardini and Mr Vernes.

This confirms recent speculation that Mr Gardini, former head of the Italian Ferruzzi agriculture-to-chemicals business – which controls Béghin Say – was looking for a business come-back in France. It also relieves the financial pressure on Sucden, whose medium and long-term debts had climbed to FFr1.23bn, as against shareholders' funds of FFr870m, by the end of June. Sucden announced at the time it expected to open its capital to a minority shareholder and to sell stakes in the cocoa and meat processing subsidiaries.

Last year, Sucden lost FFr476m on turnover of FFr46.75bn, mainly due to trading losses on a few large commodity contracts at Merkuria Sucden, the group's cocoa and coffee trading unit.

Sucden first considered selling the Barry cocoa processing business in October, but received a FFr1.1bn bank loan allowing it to delay the operation for an opportune moment.

# Groupe Salomon returns to black

By Alice Rawsthorn in Paris

GROUPE SALOMON, one of the leaders in the French ski equipment industry, moved back into the black in the first half of its financial year by making pre-tax profits of FFr29.62m ($5.58m) compared with losses of FFr166.08m in the same period of 1990.

This summer, Salomon reshuffled its senior management when Mr Georges Salomon, who founded the company in the late 1940s, retired in favour of Mr Jean-François Gautier, a former executive of Thomson, the state-owned electronics group.

Salomon has suffered in recent years after three successive seasons of poor snow in the Alps. The market has recovered this year helping the group to move back into profit. Its net sales increased to FFr1.2bn (FFr1.0bn) in the six months to September 30 when it produced operating profits of FFr65.82m against losses of FFr67.86m.

Salomon's return to the black mirrors that of Groupe Skis Rossignol, another prominent French player in ski products, which earlier this month announced net profits of FFr840,000 for the first half of its financial year against losses of FFr11.97m in the same period of 1990.

However, Salomon warned yesterday its operating profits in the second half would be "less favourable" because of the worldwide economic slowdown. The group does expect to break even by the end of the financial year at an operating level and to be profitable overall thanks to the capital gains made from selling a minority holding in two Japanese subsidiaries to a venture capital company.



# Synthélabo launches offer for Delalande

By William Dawkins in Paris

SYNTHELABO, the drugs unit of the L'Oréal cosmetics multinational, yesterday launched an all-paper offer for Delalande, a FFr1.1bn ($207m) annual turnover pharmaceuticals group.

This is Synthélabo's second acquisition since taking control of Laboratoires Delagrange, the FFr1.6bn family-owned drugs group, for an undisclosed price last October. Synthélabo is offering 11 of its own shares for every three Delalande shares.

It is the latest stage in a consolidation of medium-sized French drugs companies, triggered by a change in the law designed to reward companies with high research and development budgets. The scheme allows producers of innovative drugs to charge higher prices and reduces the number of drugs reimbursed by the state.

Synthélabo, which last year reported sales of just over FFr3.3bn, will now have sales of more than FFr6bn as a result of the latest two deals. In another recent French drugs industry takeover, L'Air Liquide, the industrial gases producer, sold its pharmaceuticals offshoot, Lipha, to E. Merck the German drugs group.

The new group will have half its sales in foreign markets and spend more than FFr1bn annually on research and development on the central nervous system, heart disease and gastroenterology, said Synthélabo. Outside France, it will have sales Germany and Italy and a strong presence in Japan, said Synthélabo.

## Akzo repeats earnings forecast

AKZO, the Dutch chemicals company, has repeated it expects 1991 earnings, excluding extraordinary items, to be slightly lower than in 1990, when it earned Fl 727m ($427.6m) before a Fl 64m charge, Reuter reports. It would not comment on the outlook for 1992.

# ING masks intentions on BBL bid

By Ronald van de Krol in Maastricht

INTERNATIONALE Nederlanden Groep (ING), the big Dutch banking and insurance group, repeated yesterday that it was holding exploratory talks on international expansion.

However, it declined to comment on a newspaper report that it was considering bidding for Banque Bruxelles Lambert (BBL), Belgium's second largest bank.

The report, which said ING planned to decide on a possible bid by the end of the year, prompted BBL to ask for trading in its shares to be suspended on the Brussels bourse.

The bank denied it had been approached on a bid. It said it had requested trading be suspended to prevent speculative influences on its share price.

The report said the proposed paper-and-cash bid would be worth between BFr3,500 and BFr4,000 per share, producing a total cost to ING of between Fl 3bn ($1.65bn) and Fl 3.5bn.

BBL's shares were suspended at BFr2,850. Trading was expected to resume today or Thursday.

ING, formed earlier this year through the merger between Nationale-Nederlanden, the leading Dutch insurer, and NMB Postbanken, the country's third largest bank, would neither confirm nor deny that it was planning a bid. It said it never commented on "frequently-surfacing" rumours about potential partnerships.

The financial services group has said that it wants to expand in Europe, particularly in the banking sector. A series of market rumours has linked it to various potential partners around Europe, but so far ING has yet to make a big acquisition.

Analysts said BBL's network of nearly 1,000 offices would offer ING an attractive distribution outlet in Belgium for its insurance products. But they also noted that BBL's shareholders include insurance companies which might be reluctant to provide market access to a competitor. ING already owns a stake of nearly 6 per cent in BBL through De Vaderlandsche, a Belgian subsidiary.

More than 50 per cent of BBL's share capital is in the hands of a loose group of institutional investors which have agreed to give each other the right to refusal if shares are sold.

The single biggest shareholder is Groupe Bruxelles Lambert with nearly 12 per cent, closely followed by Groupe Royale Belge. The remaining institutional investors have holdings of several percentage points each.

# Bavarian bank earnings soar

By David Waller in Munich

BAYERISCHEN Hypotheken-und Wechsel-Bank, the smaller of Bavaria's two large banks, yesterday became the latest of Germany's leading banks to report a surge in profits for the first 10 months of the year.

Partial earnings growth at the Hypo-Bank group – earnings without any contribution from trading activities – rose by 11.3 per cent to DM971.8m ($647.8m).

Total profit for the group rose at more than twice this rate, by 24.1 per cent to DM1.11bn when compared with last year's figures on a proportionate basis. At the parent bank, total operating profits rose by just over 20 per cent to DM955.4m.

Mr Everhard Martini, the bank's chief executive, said the growth in total profits reflected not just better trading results but considerably lower write-offs on trading activities.

The parent bank's trading results jumped to DM135.7m, an increase of DM85.4m, or 170 per cent, compared with the proportionate result for the comparable period last year.

At the operating level, the main factors behind the increase was strong demand for credit and a widening of lending margins on both corporate lending and mortgages. Group interest income increased 12.3 per cent to DM1.889bn.

Mr Martini said the bank planned to increase its provisions against uninsured Soviet debt, to cover more than two-thirds of the bank's exposure. The total is at present "under DM600m".

# Berna to acquire main competitor

By Ian Rodger in Zurich

BERNA, the plastic machinery component subsidiary of the acquisitive Swiss machinery group, Saurer, is buying Xaloy of Pulaski, Virginia, its main competitor.

Mr Thomas Weilenmann, president of Berna, said the group was paying the equivalent of six times current year trading profits for Xaloy, a privately-owned company.

He said Xaloy's annual turnover was approximately $31m.

Both companies make bimetallic cylinders for injection moulding machines and extrusion machines. Berna makes shut off nozzles for these machines and Xaloy makes feed screws. Together, the two would be the world leader in these products, with combined annual turnover of about SFr100m ($76.9m) Mr Weilenmann said.

"Our customer base is becoming more global through acquisitions and takeovers, but on the component side, this trend has not been seen up to now. We are in the lead," he said.

Last June, Saurer, which is controlled by Mr Tito Tettamanti, bought Schlafhorst, a big German manufacturer of textile machinery, to strengthen its textile machinery business. In March, it bought 6.7 per cent of the capital of Rieter, a Swiss competitor in textile machinery.





Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on 11.12.91: Pool purchase price £/MWh | Final Prices for Trading on 13.11.91: Pool purchase price £/MWh | Final Prices for Trading on 13.11.91: Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 17.08 | 16.49 | 16.49 |
| 0100 | 18.71 | 19.04 | 21.01 |
| 0130 | 21.50 | 25.17 | 27.33 |
| 0200 | 21.50 | 25.17 | 27.30 |
| 0230 | 18.71 | 16.70 | 16.70 |
| 0300 | 18.71 | 16.48 | 16.48 |
| 0330 | 18.71 | 16.45 | 16.45 |
| 0400 | 17.25 | 16.34 | 16.34 |
| 0430 | 17.25 | 16.29 | 16.29 |
| 0500 | 17.25 | 16.28 | 16.28 |
| 0530 | 17.04 | 16.29 | 16.29 |
| 0600 | 17.00 | 16.29 | 16.29 |
| 0630 | 17.00 | 16.34 | 16.34 |
| 0700 | 18.66 | 16.49 | 16.49 |
| 0730 | 20.55 | 19.31 | 21.28 |
| 0800 | 24.70 | 19.37 | 21.35 |
| 0830 | 28.30 | 19.66 | 21.66 |
| 0900 | 30.61 | 20.61 | 22.64 |
| 0930 | 30.63 | 21.62 | 23.66 |
| 1000 | 30.44 | 22.20 | 24.28 |
| 1030 | 28.97 | 22.22 | 24.30 |
| 1100 | 26.08 | 22.23 | 24.33 |
| 1130 | 28.13 | 31.39 | 33.62 |
| 1200 | 38.34 | 31.50 | 33.96 |
| 1230 | 37.99 | 31.49 | 33.92 |
| 1300 | 37.38 | 31.40 | 33.77 |
| 1330 | 23.69 | 22.18 | 24.22 |
| 1400 | 20.61 | 22.16 | 24.19 |
| 1430 | 20.58 | 21.88 | 23.90 |
| 1500 | 20.61 | 21.88 | 23.90 |
| 1530 | 21.24 | 21.01 | 23.01 |
| 1600 | 43.06 | 23.70 | 26.19 |
| 1630 | 163.77 | 57.90 | 67.49 |
| 1700 | 326.54 | 105.64 | 120.88 |
| 1730 | 337.06 | 114.05 | 128.26 |
| 1800 | 212.10 | 89.39 | 100.84 |
| 1830 | 73.26 | 43.61 | 48.67 |
| 1900 | 37.44 | 32.20 | 35.10 |
| 1930 | 27.89 | 26.22 | 28.45 |
| 2000 | 24.70 | 21.93 | 23.96 |
| 2030 | 24.12 | 20.67 | 22.64 |
| 2100 | 20.29 | 20.29 | 22.24 |
| 2130 | 20.22 | 19.37 | 21.31 |
| 2200 | 19.93 | 19.36 | 21.31 |
| 2230 | 18.96 | 19.35 | 21.31 |
| 2300 | 17.15 | 16.53 | 16.53 |
| 2330 | 16.91 | 16.34 | 16.34 |
| 2400 | 16.95 | 16.29 | 16.29 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.95/MWh becomes 1.695p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

# INTERNATIONAL COMPANIES AND FINANCE

## UAL takes key Pan Am routes

By Nikki Tait in New York

SHARES IN United Airlines, the large Chicago-based carrier, jumped $1¼ to $118¾ yesterday after the carrier emerged as the largest beneficiary of the Pan Am auction which ended shortly before midnight on Monday.

UAL ended up acquiring the bulk of Pan Am's Latin American/Caribbean routes for $135m.

These were the last significant asset of the international carrier, which finally grounded its fleet last Wednesday. The routes have traditionally been profitable, and were built up by Pan Am in the 1920s.

As part of the deal, UAL said it would offer jobs to up to 1,000 former Pan Am employees over the next two years.

The package also included landing slots in New York, Washington and Chicago. UAL, which had always been the favourite to acquire the Latin American routes, was believed to have offered $235m for this division of Pan Am last summer.

Monday's extremely lengthy auction generated a further $25m for creditors due to a $25m offer from Delta Air Lines for Pan Am's New York-Mexico route.

Delta acquired other Pan Am assets – including its East Coast Shuttle and remaining transatlantic routes – last autumn, and was the immediate catalyst for Pan Am's grounding when it refused to provide further temporary loan finance.

The fate of Pan Am's Detroit-London route – which has been the subject of fierce competition between Delta and Northwest Airlines – remained unresolved. Delta claims to have purchased this as part of the package of Pan Am assets bought during the autumn.

However, the Department of Transportation had yet to approve this route transfer, and Northwest, which has a hub at Detroit, had fiercely contested Delta's application. With no US airline currently flying the route, there was speculation yesterday that the DoT would rule this week on the matter.

The outcome of the Pan Am auction gives UAL perhaps the best-balanced network of the three US "mega carriers". It already has a fairly strong Pacific network, and has been building up its European routes recently.

However, UAL may face formidable competition in Latin America from American Airlines, which bought the defunct Eastern Airlines' routes there. This prompted some analysts to question whether UAL might be stretched operationally in the short term, especially if there are teething problems with the latest Pan Am routes.

The airline has warned of record losses this year, and is still establishing its position in Europe. "They've got a lot on their plate," suggested Mr Paul Turk, at Avmark, the aviation consultancy.

## Pentland sells last stake in Reebok

By Martin Dickson in New York

PENTLAND, the UK consumer products group, announced yesterday it had sold its remaining stake in Reebok of the US for $310m.

The British group grew from modest origins in the 1980s thanks to an investment in Reebok, then a fledgling US athletics shoe business, but it has gradually reduced its stake over the years.

It was left with a block of 11.75m shares, some 12 per cent of Reebok's equity.

It has now agreed to sell the stake to First Boston, the investment banking group, and Montgomery Securities at $26.38 per share, against a closing market price on December 9 of $26.25.

Pentland said the sale was part of its strategy of liquidating low-yielding assets and investments over which it had no influence or control.

The proceeds would be used in its strategy of investing surplus cash resources in branded consumer products businesses that could be acquired at reasonable prices.

The cash would initially be invested in deposits and other liquid investments.

The book value attributable to the stake was approximately £41m ($74m) as at June 30 1991.

## Televisa to sell 20% of capital

By Damian Fraser in Mexico City

TELEVISA, Mexico's privately-owned television company, has put up for sale 20 per cent of its capital for $740m. The initial public offering was made available simultaneously in the Mexican, New York and other stock markets.

The placement, if successful, will be Mexico's second largest equity offering, after the $2.2bn issue of stock in Telmex, the telephone monopoly in May.

Televisa has total assets of $2bn, and 287 subsidiaries, including television channels, radio stations, soccer teams and a cable franchise. It controls around 80 per cent of television advertising in Mexico.

It will probably use the proceeds to expand in the US; the company is set to increase its penetration of the US Hispanic market and to start transmitting from the the US-Mexican border.

Televisa is also likely to bid for Channel 7, the Mexican television station that is about to be privatised.

The offering, which opened yesterday, is being managed by Goldman Sachs, and by the brokerage Acciones y Valores in Mexico. It was for 9.5m L shares in Mexico, 16m American depositary receipts in the US which are worth 2 L shares, and 9.5m global depositary shares in international markets.

The ADRs were initially priced at $25; in early trading yesterday, they rose to $28.

Televisa's stranglehold over the television industry is so strong that most advertisers have to pay for air time a year in advance.

Many actors and other performers are blacklisted if they appear on other Mexican channels.

Despite this near monopoly it managed to lose money from 1988 to 1990, partly because of its ill-fated diversification in the US. The company lost around $100m in starting up the now-defunct American sports newspaper The National.

## Heinz declines 12.1% to $122.8m

By Nikki Tait

H. J. HEINZ, the Pittsburgh food group, yesterday reported a 12.1 per cent decline in second-quarter profits, to $122.8m after tax from $139.8m last time. Earnings per share fell 11.5 per cent to 46 cents.

The company was helped by a $221.4m pre-tax gain from an asset sale in the first quarter and is showing profits of $377.2m after tax in the first half of its financial year – which finishes at end-April – compared with $283m in 1990-91.

However, Mr Tony O'Reilly, Heinz chairman, said he was looking forward growth of about 12 per cent in earnings per share over the year. Heinz shares gained $¼ to $38⅝ in New York before the close.

Heinz attributed the second-quarter downturn to its use of the asset disposal gain – from the sale of its Hubinger subsidiary – to boost marketing expenditure and step up cost-cutting moves.

The company is in some highly-competitive areas of the food business, such as diet foods and pet foods.

"Marketing programmes are in place," said Mr O'Reilly, "and will take effect in the balance of the year."

Sales during the second quarter fell from $1.64bn a year ago to $1.59bn this time. However, Heinz said this decline was mainly because of the divestitures of Hubinger and Caribbean Restaurants, another subsidiary, and the strengthening of the US dollar against foreign currencies.

# INTERNATIONAL CAPITAL MARKETS

## Hyundai founder clarifies job plans

By John Ridding in Seoul

MR CHUNG Ju Yung, honorary chairman of the Hyundai Group, one of South Korea's largest conglomerates, yesterday dispelled speculation that he would retire next year. He said he would spend the next three years restructuring his diversified business empire and then retire in 1994.

Mr Chung (pictured below), who has been at the centre of a bitter dispute with the Korean government concerning evasion of taxes and illegal

stock manipulation, was expected to retire next year to pursue political ambitions.

"I will finish the work of splitting the group within three years," he told Yonhap, the South Korean news agency. "This decision has been made so that I can complete the group's division myself."

Mr Chung said he wanted to restructure the group into independently-run subsidiaries, and that this required a reshuffle of the top management.

The Hyundai Group, which manufactures a wide range of products, from ships to cars and petrochemicals, and which is also involved in several service industries, has a highly-centralised management structure. Mr Chung, the founder of the group and honorary chairman since 1987, still wields management control over many of the group's 42 subsidiaries.

South Korea's government has been pressing Hyundai and the other chaebol, the large conglomerates which dominate the economy, to decentralise management, specialise in a smaller number of industries, and reduce family control of the conglomerates.

As part of this policy, the government last month charged the Hyundai Group with irregular share transactions and the avoidance of inheritance taxes, and fined it penalty taxes totalling a record Won136.1bn ($181.5m).

After a bitter and public dispute, Mr Chung agreed to pay the taxes. Yesterday, the group paid Won380m of the fines, taking the total paid to Won855m. The group said the balance would be paid by the end of January next year.

## Aircraft lease cash to TNT unit resumes

By Kevin Brown

TNT, the Australian transport group, yesterday said America West, the troubled US airline, had resumed aircraft leasing payments to Ansett Worldwide Aviation Services (AWAS), a jointly-owned subsidiary of TNT and News Corporation.

The resumption of payments is further good news for TNT, which earlier this week announced plans to raise up to US$315m through the flotation of TNT Freightways Corporation, a US subsidiary.

The group also received permission last week from the European Commission to go ahead with a joint venture with a number of European post offices. The deal will reduce the overcapacity of its European fleet of freight aircraft.

TNT said America West had resumed monthly payments of US$2.35m to AWAS, which were frozen for six months when the airline was placed under Chapter 11 protection from bankruptcy in the US.

The group said it expected America West to emerge from Chapter 11 protection, and was negotiating the payment of the US$14m leasing payments which were unpaid during the six-month moratorium.

America West leases 11 Boeing 737 aircraft from AWAS, and was contracted to lease a further 12 aircraft between 1993 and 1997.

TNT and News Corporation, Mr Rupert Murdoch's media group, have written off their joint A$56m (US$44m) investment in 20 per cent of America West, which is held through Ansett Transport Industries.

America West's move into Chapter 11 protection was a significant factor in market pressure on TNT's shares, which fell to an all-time low of 67 cents in July.

## Nippon Steel renegotiates deal with Oracle Systems

By Robert Thomson in Tokyo

NIPPON Steel, the world's largest steel producer, is to purchase up to 25 per cent of the Japanese subsidiary of Oracle Systems, a leading US software company, as part of its continued diversification into the computer industry.

The stake, which will cost Nippon Steel about $100m, is far less substantial than a deal announced in June, which provided for a 49 per cent stake in the Japanese subsidiary and 8 per cent in Oracle Systems, for an investment totalling $200m.

Oracle Japan said the smaller investment by Nippon Steel reflected the improvement in the US company's financial position this year. However, the two companies still shared their original aim of a "strategic partnership" in software development and marketing.

The agreement is one of a growing number of electronics partnerships between Japanese and US companies, and highlights the attempts of most Japanese steel producers to develop expertise in computer hardware and software.

However, the new contract gives Nippon Steel less direct involvement in the management of Oracle Japan as it will now appoint only two of eight directors instead of the four under the original proposal.

For that privilege, the steel company will provide an $80m subordinated loan to Oracle Systems of the US. It is expected to use the repayment to buy most of its allowed 25 per cent of Oracle Japan. Nippon Steel has agreed not to acquire additional shares of Oracle Japan, nor any shares of Oracle Systems, "subject to certain limited exceptions".

The companies presume their partnership will allow them to customise existing and future Oracle software products for the Japanese market, which is reckoned to be worth $18bn, but which the American Electronics Association expects will grow to about $33bn by 1995.

Although Nippon Steel's diversification has included investment in the development of new materials and the building of a theme park, the company has a "mid-range strategic plan" targeting electronics and information systems as important areas for expansion.

## Bond debt appeal is dismissed

By Kevin Brown in Sydney

MR ALAN BOND, the failed Australian entrepreneur, was on the brink of bankruptcy last night after the New South Wales Court of Appeal dismissed his appeal against a lower court judgment ordering him to repay US$194m to the Hongkong Bank of Australia.

The judgment opens the way for the resumption of bankruptcy proceedings against Mr Bond, which were halted by the Federal Court pending the outcome of his appeal against an earlier order to repay the debt.

The debt is part of a US$336m loan made to a subsidiary of Dallhold, Mr Bond's private company, by Hongkong Bank of Australia, a subsidiary of Hongkong and Shanghai Bank; Tricontinental; and Bank of New Zealand.

The funds were used to finance Dallhold's share of a nickel project in Queensland.

Mr Bond claimed he had been given an assurance by Mr William Purves, chairman of Hongkong and Shanghai Bank, that his personal guarantee over part of the loan would not be enforced.

In the appeal court judgment, the NSW Chief Justice, Mr Murray Gleeson, said he believed Mr Purves' denial that any such assurance was given. The judge said the circumstances of the loan "cry out in disbelief of any such arrangement".

The court also rejected Mr Bond's claim that three notices of demand served by the bank were invalid.

"The truth, of course, is that [Mr Bond] did not have the funds available to him and had no prospect of getting them," the judge said.

Hongkong Bank is expected to return to court later this week to seek a judgment ordering the immediate payment of the debt. If Mr Bond does not pay, the banks will request the federal court to resume bankruptcy proceedings. Mr Bond's legal advisers are believed to be considering an appeal to the High Court, Australia's highest court.

Mr Bond told an earlier court hearing that he had few assets left, other than A$50,000 (US$39,370) in three bank accounts in Perth, and a superannuation fund of around A$2m from Bond Corporation Holdings, his former corporate flagship.

Mr Bond lost control of Bond Corporation after it declared Australian record losses of more than A$2bn last year. The company, once one of Australia's biggest, has since sold most of its assets.

## Bank sells more of Cathay

HONGKONG Bank is seeking to place a 2.78 per cent stake in Cathay Pacific Airways, according to the bank's stockbroking subsidiary James Capel, writes Angus Foster in Hong Kong.

Hongkong Bank refused to comment. However, it was expected to make further disposals of Cathay shares after the sale of a 2.8 per cent stake in April. The sale, which left Hongkong Bank with 13.78 per cent, was part of a gradual disposal of non-core interests.

Swire Pacific, the British trading group, has a 51.8 per cent stake in Cathay. Citic Pacific, the Hong Kong-listed arm of Peking's China International Trust and Investment Corporation, has a 12.5 per cent stake. Hysan Development, a Hong Kong property firm, owns 5.1 per cent.

## Singapore vehicle group rises 27%

CYCLE and Carriage, the diversified Singapore-based vehicle group, lifted pre-tax profit by 27 per cent for the year to September, AP-DJ reports.

It was helped by stronger vehicle sales in Singapore and Malaysia, and a profit on its property side. Taxable profits were S$105.6m ($64m) on sales up 41 per cent at S$1.17bn.

## FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on December 10

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 105¼ | 106¼ | −¼ | 6.75 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 109½ | 109¾ | +¼ | 6.52 |
| AUSTRIA 8 1/2 00 | 400 | 105¾ | 106¼ | +⅛ | 7.52 |
| BANK OF TOKYO 8 3/8 96 | 100 | 104⅝ | 105¼ | +¼ | 7.08 |
| BELGIUM 9 5/8 98 | 250 | 111⅝ | 112 | +⅛ | 7.32 |
| BFCE 7 3/4 97 | 150 | 104⅛ | 104½ | +⅛ | 6.78 |
| BNP 8 5/8 94 | 300 | 106¼ | 106⅝ | +¼ | 5.98 |
| BRITISH GAS 8 3/8 99 | 350 | 105¼ | 105¾ | +¼ | 7.43 |
| CANADA 9 96 | 1000 | 109¼ | 109½ | +¼ | 6.45 |
| CARCO 9 1/4 96 | 650 | 106¾ | 107⅜ | +3¼ | 7.50 |
| CCCE 9 1/4 95 | 300 | 108¾ | 109¼ | +¼ | 6.16 |
| COUNCIL EUROPE 8 96 | 100 | 105¼ | 105¾ | +¼ | 6.64 |
| CREDIT FONCIER 9 1/2 99 | 300 | 111⅞ | 112⅛ | +⅛ | 7.31 |
| DENMARK 8 1/4 94 | 150 | 105⅝ | 106 | +¼ | 5.90 |
| DENMARK 9 1/4 95 | 1571 | 108⅝ | 108⅞ | +⅛ | 6.24 |
| ECSC 8 1/4 96 | 193 | 106¼ | 106¾ | +⅛ | 6.70 |
| EEC 8 1/4 96 | 100 | 105⅝ | 106¼ | | 6.75 |
| EIB 7 3/4 96 | 250 | 104¼ | 104¾ | +¼ | 6.63 |
| EIB 9 1/4 97 | 1000 | 110¾ | 111¼ | +¼ | 6.97 |
| ELEC DE FRANCE 9 98 | 200 | 108¾ | 109¼ | +¼ | 7.18 |
| EURO CRED CARD TST 9 94 | 325 | 103¾ | 105 | −¼ | 7.47 |
| EUROFIMA 9 1/4 96 | 100 | 108¼ | 108¾ | −⅛ | 6.96 |
| EXPORT DEV CORP 9 1/2 98 | 150 | 111⅛ | 111½ | +¼ | 7.30 |
| FINLAND 7 7/8 97 | 200 | 103⅝ | 104⅛ | +⅛ | 7.00 |
| FINNISH EXPORT 9 3/8 95 | 200 | 109¼ | 109¾ | +⅛ | 6.59 |
| FORD CAPITAL 9 3/4 97 | 250 | 106½ | 107 | +¼ | 8.21 |
| GEN ELEC CAPITAL 9 3/8 96 | 300 | 108⅝ | 109¼ | +⅛ | 7.05 |
| GMAC 9 1/8 96 | 200 | 104⅝ | 105¼ | | 7.79 |
| GUINNESS FINANCE 8 94 | 200 | 104⅜ | 104⅞ | +⅛ | 6.10 |
| IBM INTL FIN 7 3/4 94 | 200 | 104¼ | 104⅝ | +⅛ | 5.75 |
| IND BK JAPAN FIN 7 7/8 97 | 200 | 102⅝ | 103¼ | +⅛ | 7.25 |
| INTER AMER DEV 7 5/8 96 | 200 | 103¾ | 104¼ | +⅛ | 6.67 |
| ITALY 8 1/2 94 | 1500 | 106⅜ | 106⅝ | +¼ | 5.92 |
| JAPAN DEV BK 8 94 | 150 | 104⅝ | 105 | +¼ | 5.89 |
| KANSAI ELEC PWR 10 96 | 350 | 111 | 111½ | | 6.94 |
| LTCB FIN 8 97 | 200 | 102½ | 103 | +⅛ | 7.39 |
| NEW ZEALAND 9 94 | 850 | 106⅞ | 107¼ | +⅛ | 6.16 |
| NIPPON CRED BK 10 3/8 95 | 150 | 109⅞ | 110⅜ | +¼ | 7.12 |
| NIPPON TEL & TEL 9 3/8 95 | 200 | 108½ | 109 | +⅛ | 6.36 |
| ONTARIO 8 1/2 01 | 600 | 103¾ | 104¼ | +¼ | 7.90 |
| ONTARIO HYDRO 11 5/8 94 | 200 | 110 | 110⅜ | −¼ | 6.50 |
| OSTER KONTROLLBANK 8 1/2 01 | 200 | 104⅞ | 105¼ | +¼ | 7.73 |
| PETRO-CANADA 7 1/4 96 | 200 | 101⅜ | 101⅞ | −⅛ | 6.86 |
| QUEBEC HYDRO 9 3/4 98 | 150 | 110¼ | 110¾ | | 7.74 |
| QUEBEC PROV 9 98 | 200 | 106¾ | 107¼ | +⅛ | 7.60 |
| SAINSBURY 9 1/8 96 | 150 | 107⅞ | 108¼ | +⅛ | 7.15 |
| SAS 10 99 | 200 | 107¾ | 109¼ | +1 | 8.51 |
| SBAB 9 1/2 95 | 500 | 109¼ | 109½ | +⅛ | 6.46 |
| SNCF 9 1/2 98 | 150 | 111⅛ | 111⅝ | +¼ | 7.30 |
| STATE BK NSW 8 1/2 96 | 200 | 105¼ | 105¾ | +¼ | 7.09 |
| SWEDISH EXPORT 8 3/8 96 | 700 | 106¼ | 106⅝ | +¼ | 8.93 |
| TOKYO ELEC POWER 8 3/4 96 | 300 | 107⅝ | 108 | +¼ | 6.82 |
| TOKYO METROPOLIS 8 1/4 96 | 200 | 105¾ | 106¼ | +¼ | 6.80 |
| WORLD BANK 8 3/8 99 | 1500 | 106⅛ | 106⅜ | +¼ | 7.38 |
| WORLD BANK 8 3/4 97 | 1500 | 109¼ | 109⅝ | +¼ | 6.73 |
| XEROX CORPN 8 3/8 96 | 100 | 103½ | 104¼ | +1¼ | 7.47 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAPROVEN 11 1/8 95 | 200 | 100¼ | 100½ | −⅛ | 11.05 |
| BK ECON USSR 7 96 | 750 | 68½ | 68¾ | −⅝ | 18.11 |
| BULGARIAN TRADE BK 8 1/2 96 | 200 | 85¼ | 85¾ | +⅛ | 12.91 |
| CZECH OBCHODNI BANKA 10 95 | 350 | 95¼ | 95¾ | −⅝ | 11.40 |
| DEUTSCHE FINANCE 7 1/2 95 | 1000 | 96½ | 96¾ | | 8.67 |
| EIB 5 3/4 98 | 400 | 87½ | 87⅞ | | 8.34 |
| EIB 6 7/8 95 | 300 | 96¼ | 96¾ | +⅛ | 8.02 |
| EUROFIMA 6 1/4 98 | 400 | 89½ | 89¾ | | 8.45 |
| FIRST INTERSTATE 5 3/4 96 | 100 | 85½ | 85¾ | | 9.95 |
| IND BK JAPAN FIN 5 5/8 96 | 200 | 89 | 89 | | 8.74 |
| IND DEV BK INDIA 6 3/8 94 | 200 | 88 | 88 | | 11.26 |
| LUFTHANSA INT FIN 5 7/8 98 | 500 | 86½ | 86¾ | −⅛ | 8.74 |
| NACIONAL FINANCIERA 11 95 | 150 | 101 | 101 | −⅛ | 10.60 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| YEN STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| COPENHAGEN TEL 8 5/8 96 LFr | 600 | 98¼ | | | 9.15 |
| WORLD BANK 8 96 LFr | 1000 | 95¼ | | | 9.20 |
| ABN AMRO HOLDING 9 1/4 01 Fl | 750 | 101½ | 102 | | 8.97 |
| UNILEVER 9 00 Fl | 500 | 102¾ | 103¼ | | 8.52 |
| ALBERTA PROVINCE 10 5/8 96 C$ | 500 | 106⅛ | 106⅝ | | 8.79 |
| BELL CANADA 10 5/8 99 C$ | 150 | 105⅞ | 106¼ | | 9.48 |
| BRITISH COLUMBIA 10 96 C$ | 500 | 104⅛ | 104½ | | 8.82 |
| EIB 10 1/8 98 C$ | 130 | 104⅝ | 105¼ | +¼ | 9.08 |
| ELEC DE FRANCE 9 3/4 99 C$ | 275 | 103¾ | 104¼ | | 9.04 |
| FORD CREDIT CANADA 10 94 C$ | 100 | 103⅛ | 103¾ | +⅛ | 8.55 |
| GEN ELEC CAPITAL 10 96 C$ | 300 | 104 | 104½ | | 8.85 |
| KFW INT FIN 10 01 C$ | 400 | 103⅞ | 104⅜ | | 9.34 |
| NIPPON TEL & TEL 10 1/4 94 C$ | 200 | 105⅜ | 105⅞ | | 9.25 |
| ONTARIO HYDRO 10 7/8 99 C$ | 500 | 107¾ | 107¾ | | 9.41 |
| OSTER KONTROLLBANK 10 1/4 99 C$ | 150 | 105½ | 106 | +⅛ | 9.20 |
| QUEBEC PROV 10 1/2 98 C$ | 200 | 105⅜ | 105⅞ | +⅛ | 9.41 |
| BELGIUM 9 1/8 96 Ecu | 1250 | 100¼ | 100¾ | | 9.07 |
| CREDIT LYONNAIS 9 96 Ecu | 125 | 97¾ | 98⅜ | −⅛ | 9.73 |
| DENMARK 7 5/8 96 Ecu | 250 | 92¾ | 93¼ | −⅛ | 9.91 |
| EEC 7 5/8 94 Ecu | 200 | 96¼ | 96¾ | | 9.56 |
| EIB 10 97 Ecu | 1125 | 104⅜ | 104¾ | | 8.95 |
| FERRO DEL STAT 10 1/8 98 Ecu | 500 | 104⅛ | 104⅝ | | 9.20 |
| ITALY 10 3/4 00 Ecu | 1000 | 109⅛ | 109½ | | 9.08 |
| UNITED KINGDOM 9 1/8 01 Ecu | 2750 | 101⅜ | 101⅝ | +⅛ | 8.83 |
| BP AMERICA 12 1/4 96 A$ | 100 | 108⅝ | 109¼ | | 9.61 |
| COMM BK AUSTRALIA 13 3/4 99 A$ | 100 | 117⅝ | 118 | | 10.32 |
| EKSPORTFINANS 12 3/8 95 A$ | 75 | 110⅛ | 110⅝ | | 8.78 |
| EUROFIMA 14 5/8 94 A$ | 75 | 112¼ | 112¾ | +⅛ | 8.71 |
| MCDONALDS CANADA 15 95 A$ | 100 | 115⅝ | 116¼ | +⅛ | 9.55 |
| NAT AUSTRALIA BANK 14 3/4 94 A$ | 150 | 110⅞ | 111⅜ | | 8.99 |
| STATE BK NSW 14 1/4 99 A$ | 100 | 117⅞ | 118¼ | | 10.73 |
| UNILEVER AUSTRALIA 12 98 A$ | 150 | 108⅝ | 109¼ | | 10.06 |
| VOLKSWAGEN INTL 15 94 A$ | 100 | 111⅝ | 112¼ | | 9.23 |
| ABBEY NATL TREAS 13 3/8 95 £ | 100 | 106⅝ | 107¼ | | 10.78 |
| ALLIANCE & LEICS 11 3/8 97 £ | 100 | 101¼ | 101¾ | +⅛ | 11.05 |
| BRITISH GAS 12 3/4 95 £ | 300 | 105⅝ | 106¼ | | 10.54 |
| DEUTSCHE BK FIN 11 94 £ | 225 | 101 | 101½ | | 10.42 |
| EIB 10 97 £ | 536.5 | 99¼ | 99½ | +⅛ | 10.18 |
| FINLAND 10 1/8 97 £ | 100 | 99⅝ | 100⅛ | | 10.20 |
| INTER AMER DEV 11 3/8 95 £ | 75 | 102⅝ | 103¼ | +⅛ | 10.39 |
| ITALY 10 1/2 14 £ | 400 | 99 | 99¼ | +⅛ | 10.60 |
| LAND SECS 9 1/2 07 £ | 200 | 85⅝ | 86 | | 11.52 |
| NORWAY 10 1/2 94 £ | 200 | 100⅛ | 100⅜ | +⅛ | 10.26 |
| ONTARIO 11 1/8 01 £ | 100 | 102⅞ | 103¼ | | 10.61 |
| SEVERN TRENT 11 1/2 99 £ | 150 | 102¼ | 102⅝ | +⅛ | 11.02 |
| SKANDINAVISKA ENSK 13 1/8 95 £ | 100 | 105⅜ | 105⅞ | | 11.01 |
| TOKYO ELEC POWER 11 01 £ | 150 | 103⅛ | 103⅝ | | 10.44 |
| WORLD BANK 11 1/4 95 £ | 100 | 102½ | 103 | +⅛ | 10.30 |
| ABBEY NATIONAL 0 96 NZ$ | 100 | 64 | 65 | | 9.71 |
| BNP 12 96 NZ$ | 50 | 109¼ | 110¼ | | 9.15 |
| CEPME 10 95 FFr | 2000 | 101½ | 101⅞ | | 9.49 |
| ELF-AQUITAINE 9 99 FFr | 600 | 98¼ | 98¾ | | 9.31 |
| EURATOM 7 5/8 98 FFr | 500 | 91¼ | 92¼ | −⅛ | 9.35 |

| FLOATING RATE NOTES | Issued | Bid | Offer | C.cpn |
|---|---|---|---|---|
| ALLIANCE & LEICS 0.08 94 £ | 300 | 99.50 | 99.60 | 10.6425 |
| BANCO ROMA 0.03 01 | 200 | 91.50 | 92.50 | 6.4675 |
| BELGIUM 1/16 97 DM | 500 | 99.96 | 100.06 | 9.5000 |
| BFCE −0.02 96 | 350 | 100.00 | 100.10 | 4.9175 |
| BNP 05 | 300 | 95.25 | 96.25 | 5.5625 |
| BRITANNIA 1/10 96 £ | 150 | 99.09 | 99.29 | 10.6625 |
| CCCE 06 ECU | 200 | 99.93 | 100.03 | 10.1563 |
| CITIZENS FED 0.15 96 | 100 | 99.57 | 99.95 | 5.9625 |
| CREDIT FONCIER −1/16 98 | 200 | 100.00 | 100.10 | 5.9438 |
| DENMARK −1/8 96 | 1000 | 99.81 | 99.91 | 5.6875 |
| DRESDNER FINANCE 1/32 98 DM | 1000 | 99.96 | 100.05 | 9.5156 |
| ELEC DE FRANCE 1/8 99 | 400 | 100.65 | 101.00 | 6.0625 |
| FERRO DEL STAT 94 | 200 | 100.60 | 100.85 | 5.9375 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| CONVERTIBLE BONDS | Conv. date | Conv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. [illegible]



هكذا من الأصل

## INTERNATIONAL CAPITAL MARKETS

# Treasuries climb on hopes of rate easing by Fed

By Patrick Harverson in New York

AMID continued hopes of imminent interest rating easing by the Federal Reserve, US Treasury prices firmed at both ends of the market yesterday morning in response to a report from the National Association of Purchasing Management (NAPM) that forecast weak economic growth in 1992.

By midday the benchmark 30-year government bond was up ¼ at 102$\frac{4}{32}$, yielding 7.772 per cent, and the two-year note was up $\frac{1}{32}$ at 100$\frac{22}{32}$, yielding 4.994 per cent.

The rise in prices was a reaction to the NAPM's semi-annual survey, which reported that its members expect modest overall growth next year, and that manufacturing employment will hold steady, or possibly even fall, over the period. The purchasing managers also warned that the outlook for Christmas sales was not bright.

These forecasts of continued weakness in the economy have fuelled hopes that the Fed will cut interest rates once more before the year is out. If the Fed were to act, it would probably lower the discount rate from 4.5 per cent to 4 per cent.

■ UK government bonds ended little changed, having given up earlier gains as news emerged that negotiations at the European Community heads-of-state summit in Maastricht had stalled, AP-DJ reports. In the cash market, the benchmark 9 per cent Treasury loan 2008 was quoted at 95$\frac{11}{32}$, unchanged from late Monday to yield 9.48 per cent.

■ GERMAN government bonds ended the session a touch weaker after a slow trading session. In the cash market, the benchmark German government 8¼ per cent bond due 2001 was down 0.08 point at 99.82 to yield 8.27 per cent.

Rumours that Soviet President Mikhail Gorbachev was about to announce his resignation renewed fears of turmoil in the Soviet Union and eroded the bund market's gains as well as the D-Mark's strength.

■ THE JAPANESE government bond market ended firmer after the release of the Bank of Japan's quarterly survey of business sentiment.

This showed that economic growth in Japan is slowing, and is expected to lead the Bank of Japan to ease money market rates. The yield on the benchmark No 129 JGB opened at 5.675 per cent and ended at 5.62 per cent in Tokyo.

### GOVERNMENT BONDS

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 12.000 | 11/01 | 114.4385 | +0.068 | 9.70 | 9.81 | 9.77 |
| BELGIUM | | 9.000 | 06/01 | 99.1500 | -0.100 | 9.12 | 9.16 | 9.02 |
| CANADA * | | 8.500 | 04/02 | 100.0500 | +0.150 | 8.49 | 8.50 | 8.48 |
| DENMARK | | 9.000 | 11/00 | 100.1200 | +0.230 | 8.97 | 9.08 | 8.64 |
| FRANCE | BTAN | 8.500 | 11/96 | 97.3298 | +0.038 | 9.19 | 9.21 | 8.87 |
| | OAT | 9.500 | 01/01 | 103.4000 | +0.020 | 8.93 | 8.92 | 8.76 |
| GERMANY | | 8.25 | 09/01 | 99.8500 | - | 8.26 | 8.30 | 8.23 |
| ITALY | | 12.000 | 06/01 | 98.4800 | -0.070 | 12.65 | 12.68 | 12.47 |
| JAPAN | No 119 | 4.800 | 06/99 | 94.0679 | +0.246 | 5.94 | 6.10 | 6.23 |
| | No 129 | 6.400 | 03/00 | 104.3778 | +0.205 | 5.62 | 5.79 | 5.90 |
| NETHERLANDS | | 8.500 | 03/01 | 98.2400 | - | 8.78 | 8.82 | 8.73 |
| SPAIN | | 11.900 | 07/96 | 100.1500 | +0.530 | 11.79 | 11.93 | 11.61 |
| UK GILTS | | 10.000 | 11/96 | 100-23 | +0.031 | 9.81 | 9.95 | 9.63 |
| | | 10.000 | 02/01 | 101-24 | +0.063 | 9.70 | 9.90 | 9.64 |
| | | 9.000 | 10/08 | 95-30 | - | 9.49 | 9.64 | 9.48 |
| US TREASURY * | | 7.500 | 11/01 | 102-08 | +9/32 | 7.19 | 7.32 | 7.42 |
| | | 8.000 | 11/21 | 102-18 | +5/32 | 7.78 | 7.92 | 7.88 |

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

# Sunkyong acquires 15% stake in broker

SUNKYONG, the South Korean conglomerate, is to pay 57.2bn won for a stake of more than 15 per cent in Pacific Securities, a local broker, Reuter reports from Seoul.

Sunkyong has been looking to expand into the financial sphere and will sell off minor holdings in two securities houses and one bank to raise funds for the purchase.

Pacific Securities is South Korea's twelfth largest brokerage in terms of market share and had capital of 92.99bn won at the end of March, 1991.

Sunkyong said now was the time to enter the market. The Seoul share market expects to be widened significantly in January when direct, if limited, foreign investment will be permitted for the first time.

Sunkyong will buy the stake from Pacific Securities' largest shareholder, the cosmetics group Pacific Chemical, which currently holds 27.4 per cent of the brokerage house.

Sunkyong's 25 business subsidiaries engage in activities including trading, petrochemicals and construction.

# Italian brokers seek pledge on loan roll overs

ITALIAN brokers have formally asked banks and market regulators to give assurances they will allow monthly stock loans to be rolled over when the December bourse trading account ends on Friday, Reuter reports from Milan.

Shares have fallen sharply in recent sessions on speculation some banks would refuse to carry over the loans, a pact under which banks lend money to brokers and use shares as collateral.

The brokers had sent a telegram to the Association of Italian Banks (ABI) and Consob, the market regulator, asking them to restate their confidence in the loan system.

The stock loan system, common practice in Italy and other countries, allows brokers to roll over positions into the following trading account and take leveraged positions.

# Busier international equity market expected next year

By Sara Webb

CORPORATE advisers expect several large international equity offerings from European companies next year, in addition to further issues from the emerging markets of Latin America and the Far East.

Activity in the international equity markets has started to slow down ahead of the Christmas holiday season, but corporate advisers say the calendar for early 1992 is starting to look busy.

The sale of 3.38m shares in Elf Aquitaine, the French oil company and the largest state-owned company in France, which was due this month, has been postponed because of unfavourable market conditions. The sale of 2 per cent of the oil and gas group's equity will reduce the state's stake from 53.8 per cent to 51.5 per cent.

At least two Spanish companies are expected to launch large international equity offerings next year, including Repsol and Banco Exterior. Repsol, the energy conglomerate, may raise about Pta120bn ($1.19bn) by selling about 15 per cent of its equity early next year. Meanwhile, the state plans to reduce its stake in Banco Exterior, the largest public sector financial institution in Spain, from 69.7 per cent to about 51 per cent, raising about Pta70bn.

Several equity issues are expected in Sweden where the recently-elected non-socialist government is keen to start a privatisation programme.

Corporate advisers are confident that there will be sufficient investor appetite for such international equity issues. A corporate adviser said: "The very big issues are quite lumpy, but are in very attractive companies."

Among the emerging markets, Mexico, Argentina, Brazil and Chile are expected to announce further equity issues next year. In the Far East, China Steel, the Taiwanese state-run steelmaker, is due to sell a further 15 per cent of its equity to domestic and international investors early next year. Goldman Sachs and Lehman Brothers have been tipped as the finalists for the position of lead manager to the issue.

Elsewhere in Asia, investors expect equity-linked issues or global depositary receipts from larger Indian companies including Reliance Industries, the petrochemicals group.

### INTERNATIONAL EQUITY ISSUES

# Stockholm seeks Ecu125m

By Tracy Corrigan

DESPITE the uncertainty in the Ecu bond market during the Maastricht summit, Swiss Bank Corporation launched an Ecu125m five-year deal for the City of Stockholm.

The deal, aimed at retail investors, is fungible with an Ecu175m issue launched at the end of October, which had been fully taken up.

The issue, reoffered at 100¼, was launched late in the day and had not broken syndicate by the end of trading.

Dealers said that an agreement to freeze the Ecu at the Maastricht summit has already been discounted by the bond market. Consequently, such a settlement is unlikely to have much impact on Ecu bond prices, although it could help boost investor interest in the sector.

Swap rates are currently attractive to borrowers, but swap opportunities could disappear once agreement is reached at Maastricht, and a rush of paper seems unlikely.

However, the European Community is said to be preparing an Ecu250m offering, to be launched next week.

The deal is likely to have a maturity of five or six years. Banks have not yet started bidding for the mandate to arrange the deal.

Meanwhile, the European Investment Bank is believed to be working on a peseta-denominated issue in the matador bond market. However, the flow of new issues is expected to remain sluggish, as the market winds down for the Christmas holiday.

Elsewhere, Banco Bradesco, the largest private financial institution in Brazil, launched a $50m deal via Citicorp Investment Bank.

The two-year deal carries a 10 per cent semi-annual coupon and is priced to offer a spread of 697 basis points above the comparable US Treasury bond.

### INTERNATIONAL BONDS

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| US DOLLARS | | | | | | |
| Banco Bradesco(b)† | 50 | 10 | 96.535 | 1994 | 1¼/½ | Citicorp Investment Bk |
| Fuji Bank (Lux.)(d)‡† | 70 | (d) | 102 | 2002 | 2/1¼ | Fuji Int.Fin. |
| ECUs | | | | | | |
| City of Stockholm(c)† | 125 | 9¼ | 102.10 | 1996 | 1⅞/1¼ | SBC |
| YEN | | | | | | |
| Kajima Corp(a)† | 30bn | 6.35 | 101¼ | 1996 | 1⅝/1⅛ | Daiwa Europe |
| Kajima Corp(a)† | 20bn | 6.35 | 101½ | 1997 | 1⅞/1¼ | Daiwa Europe |
| GUILDERS | | | | | | |
| Nationale Investeringsbk.(a)† | 200 | 9 | 101.05 | 1997 | 1/⅝ | Rabobank Nederland |

**Private placement. §Convertible. ◊With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon payable semi-annually. Non-callable. c) Fungible with existing Ecu175m deal. Non-callable. d) Callable, once only, on 17/1/95. Coupon pays 55bp over Libor for first 3 years, then 9⅛% thereafter.

## FINANCIAL TIMES CONFERENCES



## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

| | Tue Dec 10 1991 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1991 to date | Mon Dec 9 Index No. | Fri Dec 6 Index No. | Thu Dec 5 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (179) | 730.46 | -0.2 | 9.32 | 6.61 | 13.71 | 34.30 | 732.22 | 718.82 | 723.13 | 725.24 |
| 2 Building Materials (23) | 869.77 | ....... | 8.02 | 7.16 | 16.84 | 46.51 | 869.51 | 849.28 | 854.55 | 983.34 |
| 3 Contracting, Construction (29) | 917.04 | +0.3 | 8.17 | 8.26 | 17.95 | 51.42 | 914.08 | 895.94 | 900.97 | 1137.93 |
| 4 Electricals (10) | 2344.31 | -0.5 | 10.29 | 6.30 | 12.38 | 98.23 | 2356.61 | 2325.91 | 2316.13 | 1919.97 |
| 5 Electronics (25) | 1620.54 | -0.7 | 11.41 | 5.32 | 11.11 | 53.94 | 1632.72 | 1602.93 | 1619.10 | 1528.98 |
| 6 Engineering-Aerospace (8) | 325.99 | -0.2 | 17.19 | 7.97 | 7.02 | 18.52 | 326.65 | 323.99 | 323.16 | 399.15 |
| 7 Engineering-General (43) | 451.95 | ....... | 10.65 | 5.55 | 11.59 | 18.20 | 452.13 | 448.24 | 449.29 | 370.29 |
| 8 Metals and Metal Forming (9) | 300.50 | -0.4 | 2.17 | 11.71 | - | 25.83 | 301.81 | 299.33 | 302.07 | 412.04 |
| 9 Motors (12) | 278.60 | ....... | 9.29 | 8.64 | 14.29 | 17.56 | 278.58 | 274.53 | 278.98 | 295.05 |
| 10 Other Industrial Materials (20) | 1468.09 | -0.4 | 8.16 | 5.58 | 14.59 | 59.05 | 1473.60 | 1438.63 | 1447.47 | 1267.24 |
| 21 CONSUMER GROUP (190) | 1535.17 | -0.6 | 7.67 | 3.69 | 16.10 | 40.73 | 1545.03 | 1532.98 | 1540.21 | 1231.07 |
| 22 Brewers and Distillers (23) | 1885.33 | -0.1 | 8.98 | 3.75 | 13.46 | 49.14 | 1888.10 | 1872.01 | 1874.08 | 1579.74 |
| 25 Food Manufacturing (19) | 1191.28 | +0.5 | 9.65 | 4.24 | 12.78 | 37.32 | 1184.90 | 1179.04 | 1176.50 | 1031.02 |
| 26 Food Retailing (17) | 2342.40 | -1.0 | 9.90 | 3.53 | 13.13 | 65.37 | 2366.83 | 2372.06 | 2391.66 | 2263.40 |
| 27 Health and Household (23) | 4087.80 | -1.3 | 5.03 | 2.36 | 22.81 | 72.62 | 4140.27 | 4078.69 | 4123.96 | 2560.15 |
| 29 Hotels and Leisure (24) | 1197.02 | -1.6 | 8.52 | 5.91 | 14.53 | 45.61 | 1216.49 | 1217.79 | 1224.60 | 1228.73 |
| 30 Media (25) | 1402.02 | -1.2 | 7.41 | 5.07 | 17.70 | 48.36 | 1419.26 | 1407.09 | 1404.91 | 0.00 |
| 31 Packaging, Paper & Printing (17) | 724.01 | +0.4 | 7.46 | 4.59 | 16.26 | 24.43 | 721.40 | 715.44 | 719.62 | 527.65 |
| 34 Stores (32) | 970.61 | -0.2 | 7.79 | 3.83 | 16.89 | 26.77 | 972.71 | 966.48 | 969.93 | 801.98 |
| 35 Textiles (10) | 590.61 | -0.7 | 7.83 | 5.26 | 16.30 | 22.28 | 594.52 | 596.26 | 593.80 | 433.19 |
| 40 OTHER GROUPS (112) | 1156.43 | ....... | 10.40 | 5.72 | 12.15 | 40.33 | 1156.84 | 1158.86 | 1168.68 | 1017.59 |
| 41 Business Services (13) | 1371.40 | -0.4 | 7.26 | 4.74 | 17.51 | 46.93 | 1377.00 | 1369.37 | 1370.06 | 0.00 |
| 42 Chemicals (21) | 1337.13 | -1.2 | 7.46 | 5.49 | 16.65 | 54.35 | 1353.57 | 1352.34 | 1370.05 | 1086.49 |
| 43 Conglomerates (11) | 1265.06 | -0.4 | 11.52 | 8.49 | 10.66 | 44.87 | 1270.17 | 1256.67 | 1277.45 | 1293.99 |
| 44 Transport (14) | 2193.07 | +0.2 | 5.85 | 5.16 | 22.50 | 79.12 | 2188.23 | 2165.05 | 2181.08 | 1920.26 |
| 45 Electricity (16) | 1163.83 | +1.5 | 15.47 | 5.81 | 8.41 | 27.53 | 1146.62 | 1147.05 | 1146.46 | 0.00 |
| 46 Telephone Networks (4) | 1367.16 | ....... | 11.48 | 4.59 | 11.38 | 30.42 | 1367.85 | 1399.20 | 1409.84 | 1157.09 |
| 47 Water (10) | 2189.97 | +0.9 | 19.31 | 7.21 | 5.71 | 151.44 | 2170.90 | 2184.65 | 2187.57 | 2170.15 |
| 48 Miscellaneous (23) | 1729.62 | -0.3 | 5.79 | 5.73 | 23.78 | 75.10 | 1734.78 | 1707.95 | 1731.75 | 1596.29 |
| 49 INDUSTRIAL GROUP (481) | 1211.85 | -0.4 | 8.82 | 4.84 | 14.20 | 39.66 | 1216.51 | 1208.42 | 1215.82 | 1042.41 |
| 51 Oil & Gas (19) | 2138.48 | -1.1 | 12.08 | 6.56 | 10.94 | 104.27 | 2161.56 | 2152.90 | 2197.48 | 2285.11 |
| 59 500 SHARE INDEX (500) | 1293.64 | -0.5 | 9.19 | 5.04 | 13.74 | 44.82 | 1299.63 | 1291.39 | 1301.50 | 1144.87 |
| 61 FINANCIAL GROUP (91) | 693.26 | -1.0 | - | 6.72 | - | 34.41 | 700.38 | 691.06 | 693.16 | 730.06 |
| 62 Banks (9) | 798.57 | -0.7 | 4.99 | 6.65 | 39.27 | 38.97 | 804.33 | 796.73 | 787.42 | 775.26 |
| 65 Insurance (Life) (7) | 1353.32 | -2.2 | - | 6.26 | - | 63.68 | 1384.01 | 1356.16 | 1385.88 | 1329.02 |
| 66 Insurance (Composite) (7) | 503.75 | -1.8 | - | 8.65 | - | 32.94 | 512.80 | 493.77 | 505.92 | 641.82 |
| 67 Insurance (Brokers) (10) | 976.68 | -0.9 | 8.37 | 6.85 | 15.74 | 49.46 | 985.34 | 966.48 | 970.07 | 989.73 |
| 68 Merchant Banks (7) | 453.36 | +1.0 | - | 4.75 | - | 16.06 | 448.84 | 451.09 | 453.38 | 357.18 |
| 69 Property (35) | 815.24 | -1.0 | 6.16 | 5.77 | 23.56 | 33.34 | 823.66 | 821.06 | 823.80 | 982.26 |
| 70 Other Financial (16) | 230.30 | +0.3 | 11.50 | 7.59 | 10.94 | 13.03 | 229.59 | 230.88 | 233.01 | 254.11 |
| 71 Investment Trusts (69) | 1127.76 | -0.6 | - | 3.84 | - | 31.82 | 1134.08 | 1133.87 | 1138.67 | 1024.85 |
| 99 ALL-SHARE INDEX (660) | 1150.47 | -0.5 | - | 5.21 | - | 41.78 | 1156.61 | 1148.49 | 1156.71 | 1042.43 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Dec 9 | Dec 6 | Dec 5 | Dec 4 | Dec 3 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX‡ | 2392.0 | -17.6 | 2414.3 | 2390.5 | 2409.6 | 2388.7 | 2407.0 | 2423.8 | 2420.2 | 2165.8 |

### FIXED INTEREST

| PRICE INDICES | Tue Dec 10 | Day's change % | Mon Dec 9 | Accrued Interest | xd adj. 1991 to date |
|---|---|---|---|---|---|
| British Government | | | | | |
| 1 Up to 5 years (28) | 122.22 | +0.05 | 122.15 | 2.39 | 10.97 |
| 2 5-15 years (27) | 135.29 | +0.21 | 135.01 | 2.57 | 12.45 |
| 3 Over 15 years (8) | 143.01 | +0.29 | 143.67 | 1.17 | 13.28 |
| 4 Irredeemables (6) | 158.45 | +0.35 | 157.90 | 1.39 | 13.68 |
| 5 All stocks (69) | 133.41 | +0.16 | 133.28 | 2.42 | 12.16 |
| Index-Linked | | | | | |
| 6 Up to 5 years (2) | 167.09 | -0.03 | 167.15 | 0.71 | 3.16 |
| 7 Over 5 years (9) | 148.24 | -0.21 | 148.55 | 1.27 | 3.83 |
| 8 All stocks (11) | 149.71 | -0.18 | 149.99 | 1.19 | 3.81 |
| 9 Debs & Loans (62) | 113.49 | +0.33 | 113.12 | 1.66 | 10.75 |

| AVERAGE GROSS REDEMPTION YIELDS | | | Tue Dec 10 | Mon Dec 9 | Year ago (approx.) |
|---|---|---|---|---|---|
| British Government | | | | | |
| 1 | Low | 5 years | 8.78 | 8.81 | 9.64 |
| 2 | Coupons | 15 years | 9.43 | 9.46 | 10.04 |
| 3 | (0%-7¾%) | 20 years | 9.43 | 9.46 | 10.10 |
| 4 | Medium | 5 years | 9.79 | 9.82 | 10.80 |
| 5 | Coupons | 15 years | 9.55 | 9.58 | 10.42 |
| 6 | (8%-10¾%) | 20 years | 9.51 | 9.54 | 10.37 |
| 7 | High | 5 years | 10.01 | 10.04 | 10.94 |
| 8 | Coupons | 15 years | 9.63 | 9.66 | 10.60 |
| 9 | (11%-) | 20 years | 9.55 | 9.58 | 10.54 |
| 10 | Irredeemables | † | 9.62 | 9.65 | 10.30 |
| Index-Linked | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.96 | 3.95 | 4.00 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.34 | 4.33 | 4.14 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 3.36 | 3.34 | 2.78 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.17 | 4.16 | 3.96 |
| 15 | Debs & | 5 years | 11.32 | 11.35 | 12.60 |
| 16 | Loans | 15 years | 11.12 | 11.15 | 12.39 |
| 17 | | 25 years | 10.93 | 10.97 | 12.17 |

‡Opening index 2408.3; 9 am 2414.3; 10 am 2398.9; 11 am 2404.6; Noon 2403.4; 1 pm 2404.1; 2 pm 2404.0; 2.30 pm 2403.3; 3 pm 2404.4; 4.10 pm 2390.8; (a) 9.00am (b) 4.13pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 55 | 13 | 14 |
| Other Fixed Interest | 7 | 2 | 10 |
| Commercial, Industrial | 252 | 317 | 926 |
| Financial & Property | 60 | 211 | 504 |
| Oil & Gas | 10 | 38 | 44 |
| Plantations | 0 | 1 | 9 |
| Mines | 28 | 38 | 86 |
| Others | 30 | 71 | 43 |
| Totals | 442 | 691 | 1,636 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price | +or- | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

#### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price £ | +or- |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

#### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price p | +or- |
|---|---|---|---|---|---|---|---|
| 100 | Nil | 12/12 | 12½pm | ¼pm | Attwoods | ¼pm | -½ |
| 42 | Nil | 17/12 | 2pm | ¼pm | §Corporate Services 40p | ¼pm | -½ |
| 230 | Nil | 20/12 | 26pm | 16½pm | Morrison (W) Supermkts | 17pm | -1 |
| 84 | Nil | 23/12 | 4pm | ¼pm | Pict Petroleum 5p | ¼pm | -¼ |
| 7½ | Nil | 17/12 | 3pm | ½pm | Ross Group 5p | ½pm | |
| 150 | Nil | 16/12 | 1½pm | 1½pm | St. Davids Inv Inc | 1½pm | |
| 40 | Nil | 16/12 | 14pm | 12½pm | TIP Europe 5p | 12½pm | |
| 5 | Nil | 20/12 | 1½pm | ¼pm | ‡Union Square 1p | ¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. & Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ◊ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Unregulated collective investment scheme. ■ Unit comprising of 5 Ords and 1 Warrant.

### TRADITIONAL OPTIONS

- First Dealings Dec. 2
- Last Dealings Dec. 14
- Last Declarations March 5
- For settlement March 16

*For rate indications see end of London Share Service*

Calls in Aegis, ASDA, Burton, BTR warrants '94, Kunick, Lonrho, NSM, Premier Cons. and Tarmac. Puts in ADT, Amber Day, Lonrho and Whitecroft. Puts and calls in Lonrho and Albert Fisher.

### LONDON TRADED OPTIONS

[illegible]

December 10 Total Contracts 22,149
Calls 10,270 Puts 11,879
FT-SE Index Calls 2,633 Puts 3,082
Euro FT-SE Calls 7 Puts 587
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

### TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ■ INDUSTRIALS | p | Charter Cons. | 42 | ICI | 95 | Reed Intl | 35 | MEPC | 42 |
| Allied-Lyons | 50 | Comm Union | 40 | Ladbroke | 21 | Sears | 8½ | Mountleigh | 4 |
| Amstrad | 6 | Courtaulds | 38 | Legal & Gen | 33 | SmKl Bchm A | 53 | ■ OILS | |
| Astec (BSR) | 5 | Eurotunnel | 50 | Lex Service | 16 | TI | 39 | Aviva Pet | 3 |
| BAT Inds | 53 | FKI | 5 | Lloyds Bank | 30 | TSB | 11 | BP | 26 |
| BOC | 48 | FNFC | 10 | Lonrho | 20 | Tesco | 21 | Burmah Castrol | 47 |
| BTR | 33 | Forte | 21 | Lucas Inds | 12 | Thorn EMI | 65 | Conroy Pet | 8 |
| Barclays | 34 | GKN | 28 | Marks Spencer | 21 | T & N | 14 | Gaelic Res | 1 |
| Blue Circle | 20 | Gen Accident | 43 | Midland Bank | 20 | Unilever | 60 | Premier Cons | 4 |
| Boots | 33 | GEC | 16 | NatWest Bank | 26 | Vickers | 16 | Shell | 40 |
| Bowater | 55 | Glaxo | 110 | P & O Dfd | 41 | Wellcome | 60 | Tuskar Res | 1 |
| Brit Aerospace | 35 | Grand Met | 67 | Racal Elect | 6 | ■ PROPERTY | | Ultramar | 20 |
| British Steel | 10 | GRE | 14 | RHM | 23 | Brit Land | 27 | ■ MINES | |
| Brit Telecom | 33 | Hanson | 17 | Rank Org | 55 | Control Sec. | 2 | RTZ | 46 |
| Cadburys | 35 | Hawker Sidd | 55 | Ratners | 12 | Land Sec. | 41 | | |

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## UK COMPANY NEWS

# Vaux profits fall by 11% due to hotels side setback

By Peggy Hollinger

THE MORIBUND leisure industry hit profits at Vaux, the hotels and brewing group, which yesterday announced its first annual decline in 22 years.

The pre-tax return fell 11.5 per cent to £34m for the year to September 28. Mr Paul Nicholson, chairman, warned that if the economy did not recover next year, "neither will our profits". However, he said there was good grounds for optimism in 1993.

The chairman said the profits fall was entirely due to a decline in the group's hotels division. "We had budgeted for profits of £19m," he said, "and only made between £11m and £12m. That is a gap that nothing could fill."

The group's hotel business – which comprised 31 owned premises and one managed – accounted for about 33 per cent of profits, compared with 46 per cent last year.

Profits were also hit by the decision not to capitalise interest on developments – which cost the company £4.6m. However, this was more than balanced by the £7.3m exceptional gain from disposals.

A stronger performance from the brewing business helped to offset the decline in hotels. Brewing profits were 22.5 per cent higher at £15.1m, while the Vaux Inns – "managed" pubs as opposed to those let to tenants – advanced 13.5 per cent to £4.6m. About half of the profits increase in the pub division was due to the acquisition of 80 public houses during the year.

Mr Nicholson said he was "very encouraged" by the nursing care operations, which had boosted profits by more than half.

The group also announced the post-balance sheet disposal of its off-licence chain, Blayneys for £20.4m. The proceeds would be used to make further acquisitions of pubs and care homes. Mr Nicholson said Vaux also intended to sell its 34 confectionery, tobacco and news shops.

Earnings per share fell by 3.39p to 20.31p. The dividend was raised to 6.1p (5.78), making a final payout of 9.2p (8.76p).

# Norcros profits tumble 35% to £6.3m

By Roland Rudd

NORCROS, the building materials, printing and packaging group, yesterday reported a 35.3 per cent fall in pre-tax profits from £9.8m to £6.3m for the half year to 30 September 1991.

However, the group has decided to maintain the interim dividend at 3.5p after cutting both its interim and final last financial year. Norcros is also expected to maintain the final dividend of 3.5p.

Sales were down to £196.3m (£219.6m) as the building products division was adversely affected by difficult market conditions.

Since the group made no disposals borrowings are only marginally down at £148m. The restructuring programme at the Ceramics division, which led a loss of 1,400 jobs, has increased operating profit by 76 per cent.

There was an extraordinary item of £1.5m representing the final settlement of £2.5m under the sale of the UBM builders' merchant subsidiary after losses on the disposal of two small businesses.

Operating profits from building products fell to £2.1m from £9m. Ceramics increased to £4.9m from £2.8m and print and packaging edged up.

# Cost reductions lift Manweb to £27.5m midway

By David Lascelles and Juliet Sychrava

EFFICIENCY gains helped Manweb, the regional electricity company covering Manchester and north Wales, to raise earnings by 47 per cent in the six months to September 30.

Pre-tax profits amounted to £27.5m, up from £18.7m in the same period a year earlier. The dividend was raised by 13.5 per cent to 5.45p.

The outcome was in line with expectations.

Manweb said that the improved result was achieved through cost reductions. Group turnover fell because of the impact of the recession and the loss of supply contracts to large industrial users.

These included ICI, one of the largest users in the region, which has decided to buy direct from the pool.

Mr Bryan Weston, the chairman, said: "In a difficult economic environment our operational efficiencies have had a positive impact on results."

Mr John Roberts, the managing director, said demand had been depressed by the recession, and there was not yet any sign of an upturn.

He said Manweb was continuing to explore new areas of activity, but the company would have to be convinced that it could add value before it would diversify.

# Midlands Electricity advances to £27m

By Juliet Sychrava

MIDLANDS Electricity yesterday announced pre-tax profits of £27m for the half year to September 30, against £18.3m pro forma the previous year. Earnings per share were 9.4p, against 6.8p pro forma.

The dividend per share was above City expectations at 5.65p, but Midlands indicated that this represented around a third of the full year dividend, and the full year figure would increase by around 12.8 per cent, giving a final of close to 17p.

Operating profit was up by over 80 per cent, at £27m, on an increase in turnover of just over 9 per cent. Most improvement was in the distribution business, with supply making a loss as expected in the first half. The company's generation, retail and other businesses made a small profit.

Underlying sales growth in the domestic and commercial sectors was strong, although the recession hit industrial sales, which fell 4 per cent.

Costs per unit in the distribution business were down, and 100 job losses are expected for the full year, mostly in the second half. Careful purchasing of equipment brought savings of 20-25 per cent in the half year.

Midlands has stepped back from plans to invest in more gas-fired generation projects, but it still has a share in the large Teeside station, and some established smaller stations.

## NEWS DIGEST

# Downturn in building hits BSS

BSS GROUP, the domestic and industrial heating group, showed a 15 per cent fall in pre-tax interim profits to £5.2m (£6.1m) as heating and plumbing failed to improve and industrial markets worsened.

Turnover for the six months to September 30 fell by 3 per cent to £104.8m (£107.9m).

The company managed to reduce interest payable further to £1.1m (£1.3m). Earnings fell by 12 per cent to 16.4p (18.6p) but the interim dividend was maintained at 5.75p.

### Chiltern Radio

Trading conditions improved slightly in the second half at Chiltern Radio enabling it to return to the black for the year to end-September. Mr Peter Burton, chairman, said acquisitions contributed to revenue, which was 54 per cent higher in the second half than the first.

Pre-tax profit for the year was £114,000, against £1.29m, on turnover of £4.38m (£4.1m), an increase of 7 per cent.

Earnings per share were 1.5p (14.3p) and the directors are recommending a reduced final dividend of 1p (3.8p) for a total of 2p (4.8p).

### AH Ball

AH Ball, the USM-quoted civil engineer, reported a 40 per cent advance from £376,000 to £524,000 in pre-tax profits in the six months to September 30.

Turnover was up 31 per cent to £3.42m (£2.62m). After tax of £183,000 (£132,000) earnings per share advanced from 3.7p to 5.2p. The interim dividend is maintained at 2.2p.

### Atkins

The effects of a hot sunny September and the UK recession combined to push Atkins Group, the hosiery and knitwear manufacturer, into a first half loss of £48,000 against a pre-tax profit of £192,000.

Turnover for the six months to September 30 was down from £7.77m to £7.65m. Losses per share stood at 0.66p against earnings of 3.63p, but the company's confidence in its forward order books is reflected in its decision to maintain the interim dividend at 3.6p.

### Multitone

New products launched the previous year together with tight cost control helped Multitone Electronics, the paging systems and equipment maker, increase pre-tax profits from £621,000 to £864,000 in the six months to October 31.

Turnover rose to £11.4m (£10.7m) and the pre-tax figures were helped by lower net interest payments of £74,000 (£159,000). An interim dividend of 1.25p (0.75p) is being paid from earnings per share of 3.73p (2.51p).

### Titon

In spite of turnover being almost identical to that of the previous year – £9.49m compared with £9.48m – Titon Holdings increased its pre-tax profit by 64 per cent to £1.51m compared with £920,000.

The company's performance reflected a considerable advance in sales of plastic ventilators.

Tax took £503,000(£332,000) leaving earnings of 9.31p(5.42p) per share; the total dividend goes up from 2.99p to 3.25p with a proposed final of 2.22p.

### Elga

Elga Group, the water purification company, announced a 52 per cent increase in interim pre-tax profits and expansion in France with a £1.25m acquisition.

On turnover 37 per cent ahead at £9.6m (£7m) in the six months to September 30 pre-tax profits were £462,000 (£304,000).

The company has bought Aquadem, Paris-based water purification components supplier. Mr Ryan said it would complement Elga's existing French subsidiary.

Earnings per share came out at 1.94p (1.98p). The interim dividend is unchanged at 0.6p.

### Brown & Jackson

Brown & Jackson, the troubled retailing group which owns Poundsretcher and whose chairman and chief executive Mr Bryan Duffy resigned in October, announced that it will pass the six monthly payment of 5.375p on its 10.75p per cent cumulative convertible preference shares due on December 31. The company said the payment would be deferred since the company did not have at present sufficient distributable reserves available.

*EASTERN ELECTRICITY PLC*

# INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1991.

*Statement by the Chairman and Chief Executive Dr. James Smith*

"Our profit for the first six months is in line with expectations. The growth achieved in electricity distributed and the growing impact of our cost control measures, combined with the beneficial effects of our electricity contracts strategy expected in the second six months, reinforces our confidence in the full year's profitability.

**Turnover:** In the first six months, turnover was up £72.5m at £821.7m. The increase was better than expected and mainly resulted from an increase of 3.0% in the volume of electricity distributed. Our marketing strategy is centred on growing profitable unit sales through the efficient use of electricity. To this end we are in the process of restructuring our marketing and sales function so as to focus sales effort into the most profitable areas.

**Profit:** Our business has a seasonal bias and the profit for the first six months is not indicative of the year's results. In the first half of this financial year pre-tax profits were £15.4m against a pro forma £18.6m for the corresponding period last year. However, results in the second half year are expected to benefit from the effects of our electricity purchase contracts and from the impact of our cost reduction initiatives.

**Dividend:** In the light of these results and the Board's expectation of continuing profit growth, the directors have declared an interim dividend of 4.85p per share, against 4.33p net per share pro forma equivalent for last year. The interim dividend will be paid on 24 March 1992 to shareholders registered on 31 January 1992.

*Electricity Purchases: A factor which will lead to an increase in* the imbalance between this year's first and second half year profits is a change *to the portfolio of our electricity purchase contracts.*

To protect the Company from potential extremes of volatility within *the electricity pool purchasing arrangements,* the Company has taken steps to extend and restructure its portfolio of contracts. The effect of these new contracts has been to increase the proportion of costs incurred in the first six months. While this has an adverse effect on the interim profits, the contracts will reduce the high costs experienced at times of high electricity demand in the winter period.

*Cost Savings: Close scrutiny of our distribution* activity has achieved savings by improved working practices and by increasing *productivity both within our Areas and at Headquarters.* As a result, our staff numbers have been reduced by 2.5% over the last year. By redeploying our staff we have reduced our use of contractors within the business and we have reduced the amount of overtime worked.

*Non-regulated businesses: The contribution to profit from our* non-regulated activities is still small. Overall our strategy is to increase *this contribution by concentrating on those businesses where we have* skills, experience and resources. Our recently announced retail enterprise with Southern Electric demonstrates our determination to seek profit from a professionally managed, viable and competitive business with roots in our existing business.

Similarly, e gas Limited, our recently announced gas sales venture, is an area where our existing abilities can be easily applied to produce incremental profit.

Contracting, which is currently suffering in the prevailing economic climate, will be restructured to create a separate operating division in order to focus on becoming a 'stand alone' profit centre activity.

**Generation:** Within electricity generating, construction of our plant at Peterborough is progressing both to time and cost. Other projects are at various stages of development but Eastern Electricity and Mobil have decided to review their partnership to build a 450 MW generating station at Coryton to generate electricity and provide steam for Mobil's refinery operations. We have not yet been successful in reconciling our separate objectives as regards control and financial return of the project. Mobil have told us that the project is still attractive to them in the context of their refinery operations and we would not intend to stand in their way *in seeking another partner.*

**Structural Changes:** We are re-shaping our overall organisation so *that the structure reflects the needs of efficient management activity.*

The decision has been made to fill the post of Development Director which lies vacant in the exisiting structure. The person appointed will be responsible for the development of non-regulated businesses in the group. Within the electricity business, the post of Area Manager is being removed and the Areas will be split functionally. The distribution engineering activities will report direct to the Engineering Director and the marketing and sales activities will report direct to the Marketing Director. This change will allow sharper focus by senior management on our core activity of distributing and supplying electricity.

In conclusion, I am confident that the policy of growth in sales and the management of cost will show through positively in our full year's results."

**INTERIM ANNOUNCEMENT**
**Group historical cost results for the six months ended 30 September 1991**

| | Notes | Actual (Unaudited) 1991 £m | Pro forma (Note 3) (Unaudited) 1990 £m | Pro forma (Note 3) (Audited) 1990/91 £m |
|---|---|---|---|---|
| Turnover | | 821.7 | 749.2 | 1,720.1 |
| Operating profit | | 26.0 | 32.2 | 127.4 |
| Income from fixed asset investments | 4 | 6.3 | 5.8 | 17.4 |
| Net interest | | (16.9) | (19.4) | (38.4) |
| Profit on ordinary activities before taxation | | 15.4 | 18.6 | 106.4 |
| Taxation | 5 | (3.8) | (4.6) | (26.1) |
| *Profit on ordinary activities after taxation* | | 11.6 | 14.0 | 80.3 |
| Extraordinary items | 6 | – | (3.6) | (7.5) |
| Profit for the period | | 11.6 | 10.4 | 72.8 |
| Dividends | | (13.1) | – | (27.3) |
| Profit retained | | (1.5) | 10.4 | 45.5 |
| *Earnings per ordinary share* | | 4.3p | 5.2p | 29.8p |
| Dividend per ordinary share | | 4.85p | – | 10.12p |

| **Group historical cost balance sheet** | Actual 30 September 1991 £m | Pro forma 30 September 1990 £m | Actual 31 March 1991 £m |
|---|---|---|---|
| Fixed assets | | | |
| Tangible assets | 735.5 | 695.5 | 721.2 |
| Investments | 97.5 | 98.4 | 97.5 |
| | 833.0 | 793.9 | 818.7 |
| Current assets | 367.3 | 295.4 | 395.9 |
| Current liabilities | (273.5) | (227.8) | (289.5) |
| *Net current assets* | 93.8 | 67.6 | 106.4 |
| Total assets less current liabilities | 926.8 | 861.5 | 925.1 |
| Debenture and bonds (unsecured) | (200.0) | (200.0) | (200.0) |
| Provisions | (26.9) | (11.2) | (23.7) |
| Net assets | 699.9 | 650.3 | 701.4 |
| *Capital and reserves* | | | |
| Called up share capital | 134.9 | 134.9 | 134.9 |
| Reserves | 565.0 | 515.4 | 566.5 |
| | 699.9 | 650.3 | 701.4 |
| Net debt | 241.0 | 270.6 | 267.0 |
| *Gearing* | 34.4% | 41.6% | 38.1% |

**NOTES:**

**1 Basis of preparation:** The interim results for the six months ended 30 September 1991, which were unaudited, have been prepared on the basis of the accounting policies for the year ended 31 March 1991.
The financial information contained in this interim statement does not amount to statutory accounts within the meaning of Section 240 of the Companies Act 1985.
The results for the year ended 31 March 1991 are abridged from the full accounts for that year, which contain an unqualified auditors' report and have been delivered to the Registrar of Companies.

| **2 Current cost adjustments** | 1991 £m | 1990 £m |
|---|---|---|
| Historical cost profit on ordinary activities before taxation | 15.4 | 18.6 |
| Current cost adjustments | | |
| Depreciation | (22.2) | (22.4) |
| Cost of sales | (0.3) | (0.3) |
| Monetary working capital | (4.4) | (6.3) |
| Gearing | 3.6 | 5.7 |
| | (23.3) | (23.3) |
| Current cost loss on ordinary activities before taxation | (7.9) | (4.7) |

**3 Comparative figures:** The comparative figures for last year are on a pro forma basis as if the new capital structure had been in place since 1 April 1990. The pro forma figures incorporate an adjustment to interest of £17.7m for the six months ended 30 September 1990 and an adjustment to interest of £24.2m for the year 1990/91 together with a related tax credit of £8.2m.
**4 The National Grid Holding plc:** Included within profit before taxation is £6.3m interim dividend receivable from The National Grid Holding plc. (1990 interim £5.8m and final £17.4m).
**5 Taxation:** Taxation for the six months ended 30 September 1991 has been provided on the basis of the estimated effective tax rate for the year ending 31 March 1992. Taxation for the six months ended 30 September 1990 has been calculated using the pro forma effective tax rate for the year ended 31 March 1991.
**6 Extraordinary items:** Extraordinary items comprise privatisation costs incurred in the six months ended 30 September 1990.

EASTERN ELECTRICITY

Copies of this announcement can be obtained from the Company Secretary, Eastern Electricity plc, Wherstead Park, P.O. Box 40, Wherstead, Ipswich, Suffolk IP9 2AQ. For shareholder enquiries please ring 0345 959697.

This advertisement complies with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an offer of, or invitation to take up or purchase, any securities.

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*(incorporated in England and Wales with limited liability under the Companies Act 1985, registered number 2654666)*

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of
5,000,000 Ordinary shares of $0.01 each
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SHARE CAPITAL

| Authorised | | Issued and now being issued fully paid |
|---|---|---|
| $100,000 | in Ordinary shares of $0.01 each | $50,000 |

*$5,000 in nominal amount of the authorised share capital shown above will be reserved for the issue of* Ordinary shares pursuant to the exercise of the Option referred to below and a further $11,000 in nominal amount will be reserved for the issue of Ordinary shares upon exercise of the Warrants.

Schroder Korea Fund plc (the "Company") has been established as an investment trust to invest primarily in the securities of Korean companies.
The Ordinary shares (with Warrants) are being placed in the United Kingdom and internationally by S.G. Warburg Securities.
The Company has granted S.G. Warburg Securities an option (the "Option") to subscribe up to 500,000 Ordinary shares (with Warrants) at a price of $10.00 per Ordinary share exercisable up to 30 days after the Closing Date of the Placing.
Application has been made to the London Stock Exchange for the Ordinary shares in, and Warrants of, the Company issued, now being issued and to be issued pursuant to the exercise of the Option to be admitted to the Official List. It is expected that Listing will become effective and that dealings in the Ordinary shares and in the Warrants will commence on 19th December, 1991.
Copies of the Listing Particulars may be obtained during normal business hours on any business day (Saturdays and public holidays excepted) up to and including 13th December, 1991 from the Company Announcements Office of the London Stock Exchange, The London Stock Exchange Tower, Capel Court Entrance off Bartholomew Lane, London EC2N 1EQ, and up to and including 27th December, 1991 from:

S.G. Warburg Securities
1 Finsbury Avenue
London EC2M 2PA

Schroder Korea Fund plc
33 Gutter Lane
London EC2V 8AS

Details will also be included in the Companies' Fiche Service available from Extel Financial Limited, 37-45 Paul Street, London EC2A 4PB from 3.00 p.m. on 12th December, 1991.
11th December, 1991

## AVESCO plc

(Incorporated and registered in England No.1788363)

**NOTICE TO HOLDERS OF BEARER SHARE WARRANTS OF INTERIM DIVIDEND**

At a Director's Meeting held on 6 December 1991 Avesco plc declared an dividend of 0.5p (net) per share for the year ended 31 March 1992 which is payable on 6 April 1992.

Holders of bearer Share Warrants who wish to take up the interim dividend for the year ended 31 March 1992 must lodge dividend coupon number 14 together with particulars of their name and address at the address of Avesco plc set out below.

Registered Office: Venture House,
Davis Road, Chessington, Surrey, KT9 1TT

By Order of the Board
N S CONN
Secretary

Dated 11th December 1991

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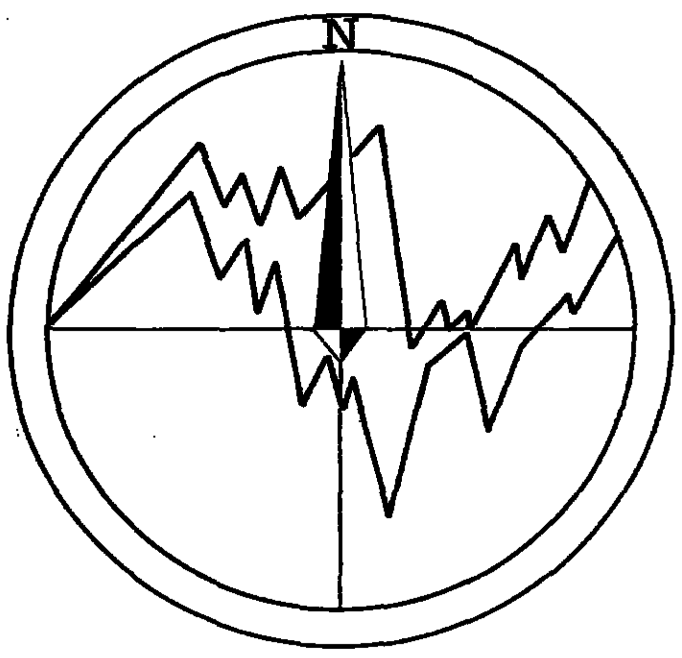


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## BUSINESS AND THE ENVIRONMENT

# Pollution treated to a cocktail

Cleaning up after industry might be easier in the future if scientists experimenting in the French countryside see the fruits of their labour.

The team – a joint effort by Elf Aquitaine, the French oil group; BRGM, the French bureau of geological and mining research; and ESYS, a refining and marketing subsidiary of Generale des Eaux – has just completed field tests into underground "depollution". The aim was to remove chemical and oil pollution from groundwater and subsoil without having to dig up and remove the soil.

The tests, which have been going on since July last year near Strasbourg, proved successful in removing 60 to 80 per cent of the pollution from the soil. They tackled hydrocarbon and organic pollution.

The experiments involved drilling wells to the depth of the water table and pumping water up through the polluted soil and rock. The water, which took the pollution with it, was treated with a carefully selected cocktail of nutrients which cause bacteria in the ground to breed. It is the bacteria that "eat" the pollution. The groundwater was pumped continually through the test area to wash out the pollution.

The benefits of the developing technology – called ecological engineering – are many, according to Elf Aquitaine. Wasteland is often left unused because of the high costs of demolition or the lack of suitable technology to clean it up. The underground depollution process uses relatively small pump installations that are easily transportable. It is also possible to depollute while continuing to run a business – for example, a petrol station could continue to operate while leaked oil was being washed from underneath it.

Estimated costs are FFr200-FFr300 (£20.50-£30.75) per tonne of terrain treated.

Elf Aquitaine hopes the data derived from the tests will encourage governments and other authorities to set standards for rehabilitating the vast tracts of industrial wasteland around the world.

Hilary de Boerr

Continuing a series on environmental challenges facing the UK water industry, **Peter Knight** looks at industry's efforts to reduce the flow of effluents

# Waste tap must be turned off

A Courtaulds Textiles plant halved its water consumption within 18 months of applying strict water and effluent management.

"This makes environmental and business sense because you pay for the flow in and the flow out," says Peter Cooper, technical executive at Courtaulds. His department is responsible for helping to achieve targets in the company's environmental action plan, set out in 1989.

Cooper and his colleagues have been looking at ways of changing the complicated textile processes, which demand a lot of water and many chemicals. "We have been trying to reduce the number of chemicals used and have been looking for alternatives that cause less pollution. For example, we have started using formic instead of acetic acid, which is also a quarter of the cost." Cooper admits that in spite of Courtaulds' progress, the company still has a long way to go to reduce the amount of contaminants that leave the factories via the sewer.

Most manufacturers are still struggling to bolt on technology that will prevent pollutants from entering the sewage systems. Many smaller concerns continue in the tradition of simply pouring contaminants down the drain and forgetting about them.

"Bigger companies are starting to practise in-process recycling. But the movement is slow because the investment cycles are so long – around 10 to 15 years," says David Musco of Ecotec, a UK environment consultancy.

Industry is under considerable pressure to reduce the harmful chemicals, organic matter and metals that it pours down the drain. Traditional methods of getting rid of waste-water, such as diluting it and allowing the contaminants to disperse into rivers and estuaries, are being questioned as new evidence of environmental damage emerges.

For example, research by the Plymouth Marine Laboratory has shown that all fish caught in the North Sea suffer from the effects of pollution. Other research shows that relatively high concentrations of heavy metals – cadmium, lead and arsenic – have built up in the Humber Estuary, the Thames and throughout the North Sea.

Governments, led mainly by EC directives on water quality, are setting tougher standards on effluent, which push up the cost of waste-water treatments.

And industry, realising that its environmental performance is integral to its business success, is beginning to strive for waste disposal standards that exceed legal requirements.

"The bigger companies are certainly aware of the issues," says Ewan Macdonald, manager of the Effluent Processing Club, a UK-based industry group run by AEA Industrial Technology and WRc, formerly the Water Research Council.

"But some companies on the fringe are not fully aware of the pressures and others want to ignore the implications because of the costs involved. This is especially true in the textile industry where pesticides are being washed out of imported raw wool," he says.

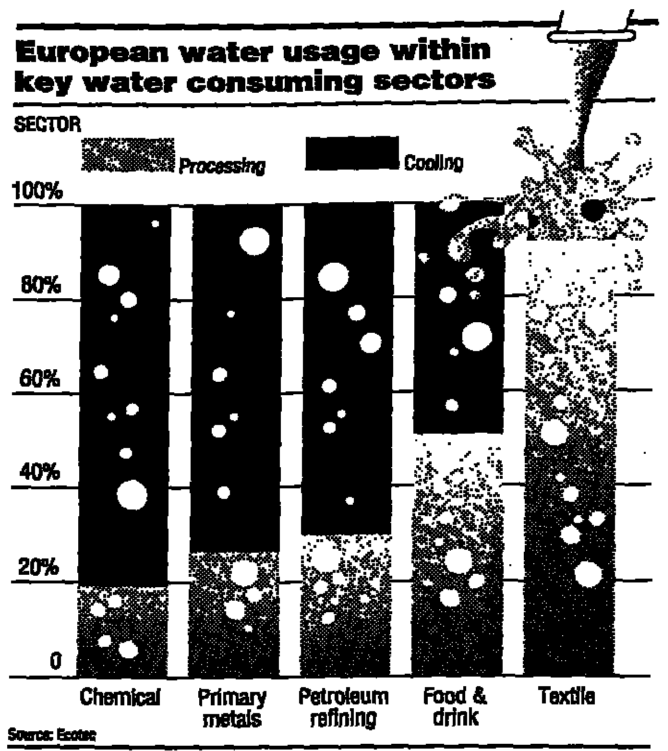
While the cost of installing the necessary technology to extract the pesticide – or simply buying uncontaminated local wool – deters the smaller companies, bigger concerns know that it makes sense to reduce the amount of chemicals because effluent processing costs are set to rise.

Much of UK industry pours its waste-water down the drain. It pays a fee – dependent on quantity and quality – to the sewage company which treats industrial effluent with domestic sewage. The sewage companies are under increasing pressure to ensure that the treated water which leaves their plants is as clean as possible.

This means that they are beginning to get tough with their industrial clients by monitoring the effluent more closely and charging higher rates for the service.

Companies have two routes available to comply with the law and to escape rising costs. First, make less waste. Second, use better technology to capture and re-use waste that cannot be prevented.

Waste-minimisation implies a change in the way manufacturers think about their task. This shift in the thought processes is, possibly, the most difficult part of reducing waste because it depends on the reappraisal of traditional methods. Because this is uncharted territory, there are as yet no textbooks for plodders.



Source: Ecotec

An obvious starting point is to modify the end-product so that it will not create as much waste. Then the materials used in the manufacturing process can be changed by, for example, substituting recyclable organic solvents for water.

Managers will also improve practices inside the plant to reduce the amount of water used and therefore effluent produced. Some of these steps are straightforward. A Courtaulds plant reduced its water consumption by a third simply by installing flow-controllers. Further savings were made by fitting spring-clips at the end of hoses to stop the flow when the pipe was not being used.

Once these basic improvements have been made, companies rely on effluent treatments to reach their targets. There is a host of established and emerging effluent-processing technologies.

The Centre for the Exploitation of Science and Technology (Cest), a UK industry-funded research organisation, estimates the market for industrial waste-water treatment will be worth £1bn a year in the UK by 1995. Ecotec puts the world market for municipal and industrial water and waste-water treatment at £35bn a year.

Neil Johnston of Cest says much of the money spent on municipal waste-water treatment will pay for civil engineering projects rather than on new treatment technologies. Musco of Ecotec, however, says some industry sectors have been quick to exploit the emerging technologies.

"Batch-processing companies, such as those which make chemicals, have been quicker to use the new treatment technologies because the capital costs, while high, are not as high as those in the continuous-flow processes such as steel-making," says Musco.

There are four core technologies, he says, which are producing innovations. These are: new materials such as membranes; biotechnology; information technology; and energy treatments using electrons.

Membrane filtration is the ancient technology of the sieve adapted with the use of modern materials, such as nylon or ceramics, to separate water and contaminants, sometimes as small as a molecule.

The effluent can be pumped or sucked through a membrane or it can pass by chemical transfer in a process known as reverse osmosis, which is used to remove salts from water.

While filtering might be of value, the drawback is that it collects and concentrates the the wastes which, if they cannot be re-used, have to be dumped or burnt. In some cases bio-engineering can be used to change some wastes from hazardous to innocuous.

An example is anaerobic digestion which is increasingly being used to treat biodegradable wastes, such as domestic sewage. The digestion process also produces gas which can be used as an energy source. Other biotech research includes the use of fungi to remove metals from waste.

One of the necessities for good effluent management is information technology – software, computers, sensors and data communications. "IT is the essential tool that wraps around the business of controlling the treatment process. And one of the important gaps is the development of sensors which enable you to measure and control," says Musco.

Researchers are also working on the use of electron energy to break bonds within the effluent. In this way metals can be removed and organic materials destroyed.

Macdonald holds out most hope for membranes and electro-chemical treatments. Johnston says the different technologies need to be unified to get the best results. "There's a lot of technology around but it needs to be bolted together."

*The series concludes next week by looking at Ofwat and the National Rivers Authority.*

# Tourism industry travels new road

By Michael Skapinker

After pocketing their wages every week, staff at the Palé Hall Hotel in Gwynedd, North Wales hand back the empty envelopes. The hotel's employees clean the mirrors with vinegar and use old menus as note pads.

The hotel is not being mean, just environmentally sound. Its owner has calculated that UK wage earners throw away 500m envelopes a year. The English Tourist Board (ETB) says all tourist companies in the UK will have to pay greater attention to environmental issues if they are to remain internationally competitive.

The British tourist and leisure industry employs 10 per cent of the country's workforce. In Cornwall the figure is more than 20 per cent. On the Isle of Wight it is more than 50 per cent.

Despite its importance to the economy, tourism is often seen as a destroyer of the environment. It brings litter, people and traffic. As many as 80 per cent of those making visits to the British countryside do so by car.

The ETB points out, however, that tourism can also be a force for environmental good. An example is the renovation of many of Britain's canals for tourism and recreation.

The board argues that many tourists have become more interested in attractions that have retained some of their traditional character and are beginning to shun the featureless concrete cities that occupy large parts of the Mediterranean. British tourist attractions can win an increasing proportion of this growing market by conserving and renovating traditional buildings and by preserving and rehabilitating the surrounding countryside.

The ETB last week published a guide* to tourism and the environment. The first step, it says, is to formulate a company policy on the environment and write it down. The Botley Park Hotel in Hampshire has a written policy which includes a commitment to purchase those products and services that are least damaging to the environment and to increase environmental awareness among its staff.

To ensure that it acquires credibility, the policy must immediately be translated into action, whether by beginning to use recycled paper or converting company vehicles to run on unleaded fuel. Staff need to be included in the initiative from the start. The ETB says companies should consider offering incentives to employees who come up with ideas on improving the environment.

Planning of new tourist attractions should include an environmental audit, the guide says. It is often better to look for existing structures which can be renovated than to start building from scratch. Other factors to be taken into account include suitability of local roads, public transport and the availability of water and electricity.

It is essential that local planning authorities are involved from the start. The local community should also be kept fully informed of development plans.

Companies planning new tourist developments must ensure they know what local planning policies are and if there are any historic artifacts or buildings in the area.

Would-be developers should also think about what new facilities they can offer residents and how they can co-operate with local companies. "In rural areas, developments which use and conserve existing buildings, support existing enterprises and improve opportunities for appropriate recreation are likely to be looked at positively," the guide says.

One important way of protecting the environment and retaining local community support is to limit the number of visitors to the site. It is often difficult to know in advance how many visitors an attraction can support before they become a nuisance to the surrounding residents and begin to destroy the ambiance of the site. Different prices for different times of the week and for different seasons can help to ensure a more even flow of visitors.

**The Green Light – A Guide to Sustainable Tourism from the English Tourist Board, 24 Grosvenor Gardens, London SW1W 0ET. £10.70.*

## FT LAW REPORTS

# Mareva injunction discharged for non-disclosure

THE MOTOR VESSEL P
Queen's Bench Division (Commercial Court):
Mr Justice Evans:
December 5 1991

**THE BUYER of a ship who applies *ex parte* for a Mareva injunction to prevent the sellers from removing purchase monies from the UK, must disclose to the court any intention not to notify them of his application before completion of sale. And an intention not to notify is unjustified if notification would be unlikely to precipitate removal of assets, and the purpose is to prevent the possibility that the sellers will refuse delivery if aware of the injunction.**

Mr Justice Evans so held when discharging a Mareva injunction, and refusing to grant a fresh injunction, freezing part of the purchase price paid in the UK by the plaintiff buyers of the motor vessel P to the defendant sellers.

HIS LORDSHIP said that the buyers agreed to buy the P from the sellers by a sale contract in memorandum of agreement (MOA) form dated April 10 1991.

The completion date was July 9.

By that date the parties were at loggerheads over the ship's condition.

On July 1 the buyers had obtained an order from the English court permitting inspection of the ship at Singapore.

The ship was on time charter to another company and on sub-charter. Disputes and difficulties arose over the interpretation and effect of the inspection order.

The buyers obtained a similar order from the Singapore court.

Solicitors and counsel were involved in London and Singapore. Relations between the professional representatives in Singapore became strained. Eventually completion was arranged for July 11.

The buyers telexed that the vessel was not in deliverable condition under the MOA, and that they had decided to accept delivery but reserved the right to damages.

The price payable at completion was \$7m. The buyers estimated the value of their damages claim at \$3m.

They rightly apprehended that in the ordinary course of business the sellers were likely to transfer the proceeds of sale out of the jurisdiction. They proposed to give notice of arbitration in London in respect of their damages claim.

Their London solicitor advised that if they obtained a Mareva order restraining the sellers from transferring \$3m pending an arbitration award, the sellers would not be entitled to refuse to give delivery of the ship. But he and the buyers feared that the sellers nevertheless would refuse. They therefore applied *ex parte* to Mr Justice Gatehouse on July 11 and obtained a Mareva injunction.

The injunction was subject to an undertaking by the buyers "forthwith" to give notice of the injunction to the sellers and their bank, and to a proviso that nothing in the order should take effect until payment of the purchase price and/or delivery of the vessel.

The buyers' London solicitor took the view that the undertaking to give notice to the sellers "forthwith" was subject to the terms of the proviso and so did not take effect until after payment and delivery.

The sellers therefore were not informed of the order until after completion, which took place on July 12.

After completion, the order was served on the sellers, notice was given to their bank, and \$3m was frozen in their account.

Following surveys of the vessel in Singapore, a further order was made reducing the frozen sum to \$2m.

The sellers changed their London solicitors in August, and on September 30 the new solicitors applied to have the injunction discharged.

When the injunction was obtained it was believed the court had jurisdiction to make a Mareva order when buyers under an MOA were about to pay and take delivery but wished to make sure that a sufficient part of the price would remain in London to provide Mareva-type security for a damages claim.

But the Court of Appeal had held that no such jurisdiction existed (see *Veracruz I, FT November 19 1991*). The reason was that no injunction could be ordered until the buyer had a cause of action against the seller, and the breach of contract on which he relied did not arise until the ship was delivered in a defective condition.

It was argued that Mr Justice Gatehouse's order must be set aside for want of jurisdiction. The issue became whether a fresh order should be made which would take immediate effect against the \$2m still held in London.

The courts had been uneasy from early days of the Mareva jurisdiction about making the order *ex parte* in circumstances which would enable a buyer to pay the price and so claim delivery while preventing the seller from having free use of the proceeds of sale.

In *The Great Marine No 1 [1990] 2 Lloyd's Rep 245*, Mr Justice Leggatt said sellers had an understandable disappointment in that, having been led to expect an unfettered right to deal with the whole of the purchase money, they found themselves deprived of the right to deal with some of it.

He said: "Provided that the court is told the facts [viz that the injunction will be used to block the purchase money], it can then decide whether to grant an injunction subject to an undertaking that notice of intention to serve it will be given to the sellers before completion of the sale so that they may consider ... whether there are grounds open to them for not completing the sale."

The authorities clearly distinguished between giving notice to sellers before completion and the need to make full disclosure to the court when the *ex parte* order was obtained.

There were circumstances in which failing to give advance notice, however unattractive, might be justified; but the duty of disclosure to the court was invariable. If the buyer/applicant intended not to inform the seller before completion, that fact must always be disclosed. The injunction might be ordered none the less, as it was in *The Great Marine*.

In *Bank Mellat v Nikpour [1985] FSR 87,92* Lord Donaldson said the rule requiring full disclosure was of fundamental importance.

He said it was, "together with the Anton Pillar order, one of the law's two 'nuclear weapons'. If access to the weapon is obtained without the fullest and frankest disclosure, I have no doubt at all that it should be revoked."

Many – if not most – Mareva applications were made in circumstances in which it could reasonably be foreseen that the defendant would take action to remove assets from the court's jurisdiction if he became aware of a pending application.

But here the parties were already locked in dispute and were communicating through solicitors. Notice of the Mareva application was unlikely to precipitate removal of assets unless such a removal would take place in any event.

The injunction was directed at the proceeds of sale which would not come under the sellers' control until completion. The sellers' could not dispose of them before that time, when the order became effective according to its terms.

The reason the sellers were not informed was that there was concern they might refuse delivery if they became aware of the injunction, although the buyers were advised that they were not entitled to refuse delivery on that ground.

Thus, the sellers were deprived altogether of their right to delay or withhold delivery, if they had such a right, and to question whether the Mareva order was appropriate, before it took effect.

Lord Denning in *The Assios [1979] 1 Lloyd's Rep 331* thought that the sellers would be entitled in such a case at least to delay delivery to some extent. Conversely, if they were not entitled to delay delivery, the plaintiffs had nothing to lose by giving advance notice. It was even to their advantage to have the issue, if it was to be raised, decided before delivery took place.

The buyers were not justified in making the application *ex parte* for those reasons.

Having taken it upon themselves to make the application without notice to the sellers, the buyers undertook a heavy duty of disclosure – one which must be stringently enforced.

That duty was not discharged, and the order of Mr Justice Gatehouse should be set aside on that ground also, even if valid as a matter of jurisdiction – which it was not.

Nor should the court, treating this as a fresh application by the buyers, order a new Mareva injunction at this stage.

*For the plaintiff buyers: Michael Howard QC and Poonam Melwani (Holman Fenwick & Willan).*

*For the defendant sellers: Bernard Eder QC and Simon Bryan (Middleton Potts).*

**Rachel Davies**
*Barrister*



## CONTRACTS AND TENDERS

### NOTICE FOR IMPROVEMENT STUDY OF SEKA MILLS

SEKA (Pulp and Paper General Directorate of Turkey) is considering receiving international bids for a preliminary study to be carried out for the improvement alternative for its Balikesir, Izmit and Dalaman Mills (Balikesir is a Chemi Thermo Mechanical Pulp, CTMP and a Newsprint Mill; Izmit and Dalaman are pulp and multi machines paper and board mills) and later a detailed feasibility study for the best alternative.

These study reports should be suitable for investment decisions and loan evaluations by international finance establishments.

The purpose of this Improvement Program is to raise processes and product quality to international standards and taking into consideration existing conditions to optimize capacity of the mills under study.

Prequalification evaluation will be carried out to establish lists of bidders for the two studies. Therefore interested companies should enquire for the prequalification documents before January 15, 1992, from the address given below by post or fax.

SEKA reserves the right of verification of all statements and is free to choose applicant companies and is also not obliged to give any information about its evaluation.

SEKA
General Management

Application Address :
SEKA GENEL MUDURLUGU
Yatirimlar Dairesi Baskanligi
IZMIT - KOCAELI / Turkiye.

Ref: Improvement Studies of SEKA Balikesir, Izmit and Dalaman Mills.

Fax. No. 90.21.123235.

## COMPANY NOTICES

**LEUMI INTERNATIONAL INVESTMENTS N.V.**
*US \$60,000,000 GUARANTEED FLOATING RATE NOTES 1992*

The interest rate applicable to the above Notes in respect of the six months period commencing 11th December 1991 has been fixed at 6% per annum. The interest amounting to US \$30.50 per US \$1,000 principal amount of the Notes will be paid on 11th June 1992 *against presentation of Coupon No. 20*

BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

bank leumi בנק לאומי

**GENCOR LIMITED**
*(Incorporated in the Republic of South Africa)*
*Reg No: 01/01232/06*

**ANNUAL GENERAL MEETING**

The annual general meeting of the members of Gencor Limited will be held on 13 January 1992 at 15:15 in the board room, sixth floor, General Mining Building, 6 Hollard Street, Johannesburg

Holders of share warrants to bearer may obtain copies of the annual report from 30 Ely Place, London EC1N 6UA.

per pro. Gencor (U.K.) Limited
London Secretaries
L J Baines

11 December 1991



## COMPANY NOTICES

**THE ROYAL BANK OF CANADA**
U.S. \$300,000,000 Floating Rate Debenture Notes due 2085

NOTICE IS HEREBY GIVEN that for the Interest Period commencing on 12th December, 1991, the Notes will bear interest at the rate of 4¾% per annum. The interest payable on 12th March, 1992 against Coupon No. 24 will be U.S. \$12.01 per U.S. \$1,000 nominal.

Agent Bank
ROYAL BANK OF CANADA EUROPE LIMITED

## CLUBS

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## PERSONAL

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# Venezuelan aluminium smelter plans suspended

By Joe Mann in Caracas

TWO INTERNATIONAL aluminium companies, the Aluminium Company of America (Alcoa) and Austria Metall, have advised the Venezuelan government that they have decided to "suspend" plans to invest in two large smelters that were to be built in Venezuela, according to Mr Roberto Pocaterra, Venezuela's Minister of Finance.

The projects involved investments of around US$2bn and new aluminium smelting capacity of over 330,000 tonnes a year.

Although it was already known that the two companies had decided to put their Venezuelan projects on hold, the government announcement made it official. The minister's public statement also made it clear that the government's much-publicised plan to increase aluminium smelting capacity was in trouble.

For several years, Venezuelan officials have been talking about raising capacity from the current level of 600,000 tonnes a year to 2m tonnes.

Alcoa and Austria Metall pulled out for at least two reasons.

Firstly the aluminium market has been destabilised by a sharp increase in sales to the west from the Soviet Union. In a letter to President Carlos Andres Perez of Venezuela, Mr Paul O'Neill, chairman of Alcoa, said recently this had eliminated profitability for much of the industry.

"If there was some prospect that the Soviet economy would return soon to its previous internal use level of aluminium this sudden surge of Soviet metal would cause no concern. But I see no near-term hope for a resurgence of the Soviet economy. The consequence of this situation is the equivalent of a major increase in metal supply and there is a need to change the timing for expansion projects," said Mr O'Neill.

In addition, the two companies had expected to finance a major share of their projects through the government's debt-equity swap programme. This year, however, the relatively high price of Venezuelan government debt on the secondary market has made the swap mechanism much less attractive. Alcoa, moreover, reportedly had problems in obtaining a commitment from the Venezuelan government on supplying its projected smelter with adequate electric power. Mr Pocaterra attempted to smooth the public impact of his announcement by noting that potential investors in two other so-called "mega-projects" to build aluminium smelters in Venezuela had indicated they were still interested.

*The former Soviet Union's exports of secondary (scrap) aluminium ingots to Japan this year have declined sharply since June, trade officials said, reports Reuter from Tokyo.*

*According to finance ministry data, the secondary aluminium ingot imports from the Soviet Union have continued to fall, reaching 4,158 tonnes in October from 13,373 in June.*

*"The biggest reason was postponement of scheduled departures from Nakhodka port because the Soviet exporters had not paid the cost of delivering them to the port," a trade house official said. "As the Soviet Union breaks up, the imports are expected to fall further," he added.*

**LME WAREHOUSE STOCKS**
(As at Monday's close)
tonnes

| | | |
|---|---|---|
| Aluminium | +13,450 | to 890,850 |
| Copper | +700 | to 315,300 |
| Lead | +150 | to 120,100 |
| Nickel | −158 | to 10,184 |
| Zinc | +950 | to 162,700 |
| Tin | +45 | to 13,105 |

# World stocks 'to reach 7-year high'

By Kenneth Gooding

TOTAL ALUMINIUM stocks outside the former eastern bloc countries will by the end of 1991 be over 2.53m tonnes or nearly nine weeks' supply – the highest year-end total since 1984, according to Metal Bulletin Research.

In 1984 year-end stocks were 2.774m tonnes and represented 11.7 weeks' consumption.

MBR suggests in a special report that, because much more of the metal is now in highly-visible London Metal Exchange stocks, prices should respond rapidly when they start to fall.

This improvement will probably not come about until the second half of 1992 and then recovery will be only modest, say the authors, Ms Rosalind Stewart and Mr Neil Buxton.

They expect aluminium prices to be in the $1,000 to $1,250 a tonne range in the fist half of next year, rising to $1,150-$1,350 in the second half. There should be a "more robust" price recovery in 1993.

MBR suggests that Soviet aluminium shipments to the west, which have caused such turmoil in the market, will fall from 800,000 tonnes this year but remain high by historical standards. Net exports are forecast to ease to 500,000 tonnes next year and to 375,000 tonnes in 1993 as domestic demand in the former Soviet Union recovers slowly.

The report says that if all potential new aluminium smelter projects come to fruition, more than 3m tonnes will be added to non-Soviet capacity by 1993. Beyond that year, based on the assumption that aluminium consumption will grow at an annual 2.8 per cent and taking account of Soviet net exports, there may be supply shortages of 500,000 tonnes a year in 1994 and 1995. However, the report adds: "To put this in perspective, it would only need the development of the 466,000 tonnes Alusaf smelter (mooted for South Africa) to bridge the gap. We do not, therefore, see a smelter bottleneck developing in the first half of the 1990s.

*"Aluminium Industry Review 1991" £600 from MBR, 16 Lower Marsh, London SE1 7JR, England.*

## MINOR METALS PRICES

*Prices from Metal Bulletin (last week's in brackets).*

**ANTIMONY:** European free market 99.6 per cent, $ per tonne, in warehouse, 1,640-1,680 (same).

**BISMUTH:** European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.80-3.20 (same).

**CADMIUM:** European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.65-2.10 (same).

**COBALT:** European free market, 99.5 per cent, $ per lb, in warehouse, 28.00-29.50 (25.50-27.50).

**MERCURY:** European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 95-120 (95-115).

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.15-2.19 (2.14-2.17).

**SELENIUM:** European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, $ per tonne unit (10 kg) $WO_3$, cif, 59-67 (same).

**VANADIUM:** European free market, min. 98 per cent, $ a lb $V_2O_5$, cif, 2.30-2.45 (same).

**URANIUM:** Nuexco exchange /value, $ per lb, $U_3O_8$, 7.40 (7.25).

# Retailers agree WWF hardwood initiative

By John Hunt, Environment Correspondent

A GROUP of companies including do-it-yourself retailers, property developers and timber importers has agreed to phase out by 1995 the use of tropical hardwood produced by unsustainable methods.

The agreement, reached with World Wide Fund for Nature (WWF) means that they will cease to use such timber five years earlier than the phase out proposed by the International Tropical Timber Organisation for the year 2,000.

Mr Francis Sullivan, WWF forest conservation officer, said the intention was to forge a link between the "green" consumer and timber producers whose products comes from sustainable development where felled trees are replaced.

He said that the undertaking by the companies meant that more and more timber producers and importers would have to find out exactly where their wood came from in order to satisfy consumers' demand for sustainably-produced timber.

He described the ITTO as "pretty sick" with a widening gap between its objectives and performance. He said that at its recent Yokohama meeting only seven out of 47 countries reported back on what they were doing to achieve sustainability by the year 2000.

The companies which have signed a commitment to the 1995 date are B & Q, Texas Homecare, Sainsbury's Homebase, MFI, Habitat Group, British Rail, News International, M. and N. Norman, Speyhawk, Ecological Trading Company, P.D. Bridgeman, Richard Graefe, Finewood, Milland Fine Timber and Richard Burbidge.

WWF is also setting up a voluntary scheme, with the retailers'co-operation, to certify that timber has come from a genuinely sustainable source. WWF says this will replace the variety of existing labelling schemes which are not always accurate.

The organisation is also taking part in the forest stewardship scheme under which a group of wood producers, importers and environmental organisations is developing guidelines for beneficial and ecologically benign forest management which will operate worldwide. This is expected to be adopted at a meeting in Washington next February.

In a statement yesterday at a its tropical forestry seminar in London, WWF said that member states of ITTO had failed to improve logging practices. In 1989 ITTO published guidelines for sustainable management of tropical forests but not a singly country had implemented the recommendations or developed its own guidelines.

# East Germany faced with gas crisis

## Sara Knight on a price row between suppliers and distributors

EAST GERMANY's battered industry may be faced with a deepening crisis as the bells ring in 1992. If a price agreement cannot be reached within the next three weeks, Germany's five new states could find themselves extremely short of gas over the coming months.

In half-page advertisements placed in more than 120 German newspapers, east Germany's major gas distribution company, Verbundnetz Gas, (VNG, Leipzig) has appealed to the federal government to initiate emergency measures to ensure sufficient gas is available to high priority consumers such as hospitals.

The advertisement took the form of an open letter from VNG to Wintershall, based in Kassel, and its parent, BASF, the Ludwigshafen-based chemicals concern, which paints a lurid picture of Wintershall's and BASF's allegedly irresponsible and money grabbing attitude to the gas sector.

Wintershall Erdgas Handelshaus (WIEH, Berlin), a Wintershall joint venture with the Soviet gas producer Gasprom, has threatened to stop from January 1, 1992 its gas supplies of 2.8bn cubic metres or about half of east Germany's consumption – unless VNG pays the price demanded by WIEH since the beginning of 1991.

So far VNG has refused to pay the full price and WIEH has been supplying gas without a contract. As a result, WIEH calculates, it will accumulate losses of DM 150m. by the end of the year.

In answer to the advertisement appeal, WIEH says that if VNG is seriously concerned about the supply situation in east Germany there is an alternative. If VNG does not want to buy WIEH's gas, then WIEH would be more than happy to supply VNG's customers at the price currently charged, assuming that VNG makes its surplus pipeline capacity available to WIEH at reasonable cost.

This unprecedented situation has arisen out of the 18-month battle between west Germany's giant gas distributor, Ruhrgas, of Essen, and Wintershall, a newcomer to the German gas scene. It could have been avoided if, after the collapse of the communist system, the old state gas distribution monopoly had not survived in the form of a single company, VNG, dominated by Ruhrgas.

A 35 per cent stake in VNG was sold by the Treuhandanstalt, the body administering the privatisation of east German state companies, to Ruhrgas and 10 per cent to BEB, of Hanover, owned jointly by Esso and Shell, in August 1990. BEB holds a direct 25 per cent share in Ruhrgas. The remaining 55 per cent of VNG shares have been earmarked for buyers but the sale has still not been finalised. One of these is Wintershall, which is making its debut in the gas distribution sector with two new long-distance pipelines. The first, named Midal, will run from the North Sea to Ludwigshafen in west Germany to connect with the second, the Stegal pipeline across east Germany, linking with the Czechoslovakian transit pipeline carrying Russian gas into east Germany.

Frustrated in its attempts to buy a 25 per cent share in VNG, (it has now been allocated 15 per cent plus one share) or to persuade the Treuhandanstalt to open up VNG's gas pipelines for use by third parties, Wintershall pulled off a coup with the Soviet gas suppliers. In September 1990, it set up a joint gas trading house, WIEH, with the Soviet State gas company, Gasprom, to market Soviet gas. In early November this year WIEH signed a term contract running to 2012 for Russian gas with volumes increasing step by step to 13.5bn cu m a year by 1997.

So VNG has the pipelines, access to consumers and, through an old intergovernmental contract, direct access to 2bn cu m a year of Russian gas. But WIEH holds the trump. It markets most of the Russian gas.

The price battle has arisen over a difference of 0.28 Pfennigs (0.1p) per kwh. WIEH has offered to supply VNG with gas at an east German border price of 1.94 Pfennigs/kWh for long term deliveries. VNG is refusing to pay more than the so-called Waidhaus price of 1.66 Pfennigs/kwh. Waidhaus is the border post where the gas transit pipeline bringing Russian gas across Czechoslovakia passes into west Germany to take the gas into western Europe. WIEH says the Waidhaus price is determined by old contracts where prices are adjusted each year but are nevertheless based on a world gas price which is no longer relevant.

WIEH says the Waidhaus price is determined by old contracts where prices are adjusted each year but are nevertheless based on a world gas price, which is no longer relevant.

Ruhrgas and VNG claim the opposite. The Waidhaus price is valid for all west European customers, they say. Why should poor east Germany pay 20 to 25 per cent more? "We cannot accept your excessively high price offer, as it would push our company into bankruptcy," says VNG in the newspaper advertisement. If that is the case, counters WIEH, why did Mr Klaus-Ewald Holst, the VNG chairman, send a telex to Gasprom on October 23, 1990 offering to pay 1.96 Pfennigs/kwh for gas delivered direct from Gasprom, by-passing the Gasprom/Wintershall joint venture? VNG and Ruhrgas deny such an offer was made to Gasprom. WIEH concludes that it is not a matter of price for VNG "but simply and solely a matter of eliminating undesired competition".

WIEH also claims that VNG has agreed to pay 2.28 pfennigs/kwh for gas from BEB, while the Ruhrgas/VNG pipeline joint venture in east Germany, EVG, has agreed to pay 2.35 pfennigs/kwh for gas from Ruhrgas. A Ruhrgas official says such higher prices are justified by additional services. For example Ruhrgas and BEB will supply the gas on demand so that VNG does not have to hold reserves for demand peaks. But, says a WIEH spokesman, such services costs have already been deducted to reach the prices quoted above.

And so the arguments continue, despite mediation attempts by politicians and the federal cartel office. But WIEH is facing a situation where it will not be sitting on the long end of the lever much longer. Ruhrgas regrets that it will not be able to supply the missing gas if the threatened supply cut is enforced – but only for a few months. In the second half of 1992 a Ruhrgas gas link from west to east Germany will be completed, allowing much greater access to North Sea gas. If Ruhrgas can also negotiate for increased North Sea gas supplies, WIEH will lose its vital advantage.

# New York's 5-day silver options trading launched

By Barbara Durr in Chicago

THE NEW York Commodities Exchange, the world's most active precious metals market, yesterday launched trading in five-day options on silver. The new product is modeled on the five-day gold options that began trading on September 3 and have enjoyed success.

The silver options aim to offer traders an opportunity to participate in the silver market with limited risk, while keeping the potential to make substantial profits.

Each five-day silver option will expire five days after it is listed and each day Comex will list a new five-day call and put with an at-the-money strike price. The strike price will be calculated based on the settlement price of silver futures on the preceding day.

At expiry the five-day silver options will be automatically exercised and cash settled.

Mr David Halperin said that he expected the new contract to be successful because "conventional silver options are enjoying their most active year ever, and silver prices have exhibited the kind of volatility conducive to trading a short term instrument".

Trading volume in traditional silver options, which stood at 964,230 contracts last week, is expected to go over the 1m mark this year. Last year, 747,499 silver options were traded at the exchange.

Comex's trading volume in five-day gold options reached 11,327 contracts last Friday. Daily volume has edged up from about 178 contracts immediately after its September launch to 240 at present.

# LME copper price falls to lowest for six months

By Kenneth Gooding, Mining Correspondent

COPPER'S PRICE fell to the lowest level in six months at one stage on the London Metal Exchange yesterday as the market became more convinced that the recent squeeze was over.

One dealer said: "The bubble seems to have burst. It looks as though the parties who have been propping up the price can't afford to keep on rolling over the backwardation and are finding options too expensive."

The squeeze forced the LME executive to step in on December 3 to set a limit on the daily backwardation (the premium for metal for immediate delivery compared with the forward price).

Sumitomo, the Japanese group which has control over much of the LME copper stockpile, is widely believed to have changed tactics and is expected gradually to release its hold on the metal. A rise of 700 tonnes yesterday took the stocks to 315,300 tonnes – the highest level since March, 1984.

Copper for immediate delivery closed last night at £1,208 a tonne, down £13.50 while copper for delivery in three months was down £11 to £1,225.

Analysts suggest the fundamental outlook for copper is not particularly bright. Mr Phillip Crowson, chief economic adviser to the RTZ Corporation, which produces more than 5 per cent of the world's copper, suggested recently that there would be adequate copper – at all levels of production – to satisfy prospective demand over the next few years.

## WORLD COMMODITIES PRICES

## MARKET REPORT

Gold retreated back below $370 a troy ounce on the London bullion market yesterday as profit taking emerged in the wake of Monday's rally. Lower silver prices triggered the reverse. Gold should hold $368 and recover ground on prevailing bullish sentiment during the rest of the week, dealers said. "The Middle East tried to buy up silver earlier and met a wall of fund selling, so they reversed their position and gold went with it," one dealer said. On the LME nickel continued to rise, with reports of Chinese buying interest prompting short covering. There was also some fundamental concern that the fragmentation of the Soviet Union could result in disruption to its exports of nickel. Zinc closed lower, with the premium for cash metal narrowing to $32.50 a tonne compared with Monday's $49. Aluminium edged ahead after merchant buying interest emerged around the key support level of $1,100 a tonne for three-month metal in a belated response to news of a fall in October producer stocks. The IPAI said total stocks fell by 24,000 tonnes, while unwrought inventories were down by 14,000 tonnes, confounding market expectations. LME warehouse stocks rose by a slightly lower than forecast 13,450 tonnes to total 890,850 tonnes.

**Compiled from Reuters**

## London Markets

**SPOT MARKETS**

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $15.10-0.15q | -.025 |
| Brent Blend (dated) | $18.10-8.20 | |
| Brent Blend (Jan) | $18.20-8.30 | |
| W.T.I. (1 pm est) | $19.45-9.50q | +0.05 |
| **Oil products** (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $202-204 | -1 |
| Gas Oil | $176-177 | +3.5 |
| Heavy Fuel Oil | $72-73 | |
| Naphtha | $184-185 | |
| Petroleum Argus Estimates | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $368.4 | -2.3 |
| Silver (per troy oz)♣ | 402.5c | -4.5 |
| Platinum (per troy oz) | $370.25 | -3.75 |
| Palladium (per troy oz) | $85.5 | |
| Copper (US Producer) | 103.0c | -0.5 |
| Lead (US Producer) | 37.0c | |
| Tin (Kuala Lumpur market) | 14.81r | +0.01 |
| Tin (New York) | 254.5c | |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight)† | 109.24p | +3.43* |
| Sheep (dead weight)† | 149.17p | -9.16* |
| Pigs (live weight)† | 86.83p | +4.31* |
| London daily sugar (raw) | $285.0x | +3.2 |
| London daily sugar (white) | $277.5x | +1.5 |
| Tate and Lyle export price | £237.5 | +1.5 |
| Barley (English feed) | £120.5 | |
| Maize (US No. 3 yellow) | £148 | |
| Wheat (US Dark Northern) | £101 | |
| Rubber (Jan)♥ | 49.50p | -0.75 |
| Rubber (Feb)♥ | 50.00p | -0.50 |
| Rubber (KL RSS No 1 Jan) | 218.0m | -0.5 |
| Coconut oil (Philippines)§ | $610y | |
| Palm Oil (Malaysian)§ | $372.5u | |
| Copra (Philippines)§ | $392.5 | |
| Soyabeans (US) | £144.5 | -1.0 |
| Cotton "A" index | 61.55c | |
| Wooltops (64s Super) | 415p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jan t-Feb/Mar u-Jan/Mar x-Nov/Dec y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

**SUGAR – London FOX** ($ per tonne)

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 195.00 | 197.80 | 198.00 194.00 |
| May | 194.00 | 197.80 | 197.00 194.00 |
| Aug | 199.00 | 200.00 | 195.00 |
| Oct | 199.00 | | 196.00 |
| **White** | **Close** | **Previous** | **High/Low** |
| Mar | 276.5 | 279.5 | 278.5 276.0 |
| May | 277.0 | 280.5 | 277.0 277.0 |
| Aug | 281.5 | 284.7 | 282.0 281.5 |
| May | 282.9 | 268.7 | 264.9 |

Turnover: Raw 227 (389)lots of 50 tonnes. White 853 (551)
Paris- White (FFr per tonne): Mar 1517.00, May 1534.54

**CRUDE OIL – IPE** $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| Jan | 18.40 | 18.01 | 18.41 17.90 |
| Feb | 18.38 | 18.08 | 18.40 18.00 |
| Mar | 18.30 | 18.13 | 18.33 18.00 |
| Apr | 18.25 | 18.07 | 18.25 18.08 |
| May | 18.15 | 18.07 | 18.18 18.02 |
| Jun | 18.05 | 18.01 | 18.14 17.85 |
| IPE Index | 18.45 | 19.13 | |

Turnover 19738 (29383)

**GAS OIL – IPE** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 171.00 | 172.50 | 175.25 170.00 |
| Jan | 173.75 | 175.75 | 176.00 172.00 |
| Feb | 173.75 | 175.25 | 177.25 172.00 |
| Mar | 170.00 | 172.50 | 173.75 170.00 |
| Apr | 167.50 | 170.00 | 170.75 167.50 |
| May | 166.00 | 168.25 | 169.00 166.00 |
| Jun | 168.00 | 170.50 | 171.00 166.00 |
| Jul | 170.00 | 171.50 | 170.50 170.00 |
| Aug | 172.50 | 173.00 | 172.50 |

Turnover 24371 (19883) lots of 100 tonnes

**JUTE**
December/January c and f Dundee BTC $390, BWC n/o, BTD $365, BWD $405; c and f Antwerp BTC $380, BWC $380, BTD $360, BWD $360.

**COTTON**
Liverpool- Spot and shipment sales for the week ending December 6 amounted to 330 tonnes against 78 tonnes in the previous week. Improved demand brought moderate purchases mainly in African and Middle Eastern descriptions. Central and South American growths made some progress.

**COCOA – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 729 | 731 | 731 729 |
| Mar | 767 | 767 | 771 763 |
| May | 789 | 791 | 794 788 |
| Jul | 812 | 816 | 817 811 |
| Sep | 836 | 837 | 841 834 |
| Dec | 865 | 865 | 870 863 |
| May | 909 | | 909 |
| Jul | 926 | 928 | 923 |
| Sep | 941 | 942 | 945 938 |

Turnover: 1240 (2134) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.9 960.93 (972.23) 10 day average for Dec.10 954.07 (951.64)

**COFFEE – London FOX** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Jan | 1065 | 1062 | 1065 1058 |
| Mar | 1021 | 1024 | 1025 1019 |
| May | 1004 | 1010 | 1014 1002 |
| Jul | 1007 | 1012 | 1013 1006 |
| Sep | 1023 | 1022 | 1025 |
| Nov | 1038 | 1035 | 1042 1036 |

Turnover:1212 (863) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.9 : Comp. daily 63.84 (64.37) 15 day average 65.40 (65.44)
Sterling close: January £596 , March £ 582

**POTATOES – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 116.9 | 117.0 | 117.8 116.8 |
| May | 136.5 | | 136.5 |

Turnover 29 (126) lots of 20 tonnes.

**SOYAMEAL – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 125.00 | | 125.00 |
| Apr | 125.50 | | 125.50 |
| Jun | 120.00 | | 120.00 |
| Aug | 121.00 | | 121.00 |

Turnover 144 (0) lots of 20 tonnes.

**FREIGHT – London FOX** $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 1575 | 1579 | 1575 1570 |
| Jan | 1602 | 1639 | 1630 1600 |
| Feb | 1600 | 1640 | 1620 1590 |
| Apr | 1610 | 1644 | 1620 1606 |
| Jul | 1395 | 1435 | 1420 1400 |
| BFI | 1553 | 1555 | 1553 |

Turnover 515 (168)

**GRAINS – London FOX** £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Jan | 123.70 | 124.30 | 124.05 123.70 |
| Mar | 127.30 | 127.85 | 127.60 127.10 |
| May | 130.40 | 130.90 | 130.65 130.40 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Jan | 118.65 | | 118.65 |

Turnover: Wheat 201 (186), Barley 4 (10).
Turnover lots of 100 Tonnes.

**PIGS – London FOX** (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Jan | 105.3 | 104.0 | 105.0 104.0 |
| Feb | 107.0 | 106.0 | 107.0 106.0 |
| Mar | 106.0 | | 107.5 107.0 |
| Apr | 108.0 | | 107.0 |
| May | 108.0 | | 107.0 |
| Jun | 108.0 | | 107.5 |

Turnover:85 (16) lots of 3,250 kg

**MGMI – London FOX**

| | Close | Prev. | High | Low | Vol |
|---|---|---|---|---|---|
| Indx | 129.84 | 131.90 | | | |

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | Total daily turnover 22,069 lots | | |
| Cash | 1086-7 | 1084.5-5.5 | | 1076-6.5 | | |
| 3 months | 1111-2 | 1110-1 | 1112/1104 | 1104-4.5 | 1111-2 | 132,500 lots |
| **Copper, Grade A (£ per tonne)** | | | | Total daily turnover 29,816 lots | | |
| Cash | 1207-9 | 1221-2 | 1211/1208.5 | 1208-8.5 | | |
| 3 months | 1225-5.5 | 1236-6.5 | 1229/1223 | 1228-8.5 | 1226-7 | 104,202 lots |
| **Lead (£ per tonne)** | | | | Total daily turnover 2,788 lots | | |
| Cash | 296-6.5 | 292-3 | 296.5/295 | 295-5.5 | | |
| 3 months | 304.5-5 | 301-1.5 | 306/303 | 304-5 | 305.5-6.5 | 15,601 lots |
| **Nickel ($ per tonne)** | | | | Total daily turnover 3,621 lots | | |
| Cash | 7140-50 | 7110-20 | 7126 | 7120-5 | | |
| 3 months | 7175-80 | 7130-40 | 7196/7150 | 7158-8 | 7190-5 | 19,053 lots |
| **Tin ($ per tonne)** | | | | Total daily turnover 1,214 lots | | |
| Cash | 5475-85 | 5486-90 | 5485/5481 | 5487-90 | | |
| 3 months | 5530-5 | 5535-40 | 5558/5530 | 5531-2 | 5538-40 | 4,989 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | Total daily turnover 7,884 lots | | |
| Cash | 1189-91 | 1212-7 | | 1201-2 | | |
| 3 months | 1157-8 | 1165-6 | 1164/1157 | 1161-2 | 1161-2 | 40,232 lots |

LME Closing £/$ rate: SPOT: 1.8083 3 months: 1.7819 6 months: 1.7536 9 months: 1.7302

**LONDON BULLION MARKET**
(Prices supplied by N M Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 368.20-368.60 | |
| Opening | 369.40-369.80 | |
| Morning fix | 370.75 | 204.360 |
| Afternoon fix | 368.05 | 203.680 |
| Day's high | 371.15-371.45 | |
| Day's low | 367.60-367.90 | |

**Loco Ldn Mean Gold Lending Rates (Vs US$)**

| | | | |
|---|---|---|---|
| 1 month | 4.33 | 6 months | 3.90 |
| 2 months | 4.19 | 12 months | 3.88 |
| 3 months | 4.04 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 223.60 | 404.35 |
| 3 months | 229.50 | 408.85 |
| 6 months | 235.55 | 413.50 |
| 12 months | 247.35 | 422.75 |

**GOLD COINS**
(Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 368.50-369.50 | 203.50-204.00 |
| Maple leaf | 380.00-381.00 | 210 25-210.75 |
| New Sovereign | 89.00-90.00 | 49.25-49.75 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Mar | Jun | Mar | Jun |
| 1000 | 117 | 146 | 6 | 10 |
| 1100 | 46 | 75 | 32 | 37 |
| 1200 | 11 | 31 | 95 | 90 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2100 | 103 | 115 | 25 | 49 |
| 2200 | 47 | 65 | 67 | 96 |
| 2300 | 17 | 33 | 135 | 161 |
| **Coffee** | **Jan** | **Mar** | **Jan** | **Mar** |
| 550 | 47 | 47 | 1 | 15 |
| 600 | 11 | 21 | 16 | 39 |
| 650 | 1 | 8 | 55 | 76 |
| **Cocoa** | **Mar** | **May** | **Mar** | **May** |
| 750 | 45 | 69 | 28 | 30 |
| 775 | 33 | 55 | 41 | 41 |
| 800 | 25 | 42 | 58 | 54 |
| **Brent Crude** | **Jan** | **Feb** | **Jan** | **Feb** |
| 1800 | 27 | | 19 | 66 |
| 1850 | 16 | | 42 | 78 |
| 1900 | 4 | 40 | | |

## New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 368.9 | 369.3 | 370.5 | 368.5 |
| Jan | 369.7 | 370.2 | 0 | 0 |
| Feb | 371.1 | 371.6 | 373.1 | 370.3 |
| Apr | 373.4 | 373.9 | 375.4 | 373.2 |
| Jun | 375.7 | 376.2 | 377.8 | 374.7 |
| Aug | 378.1 | 378.6 | 378.1 | 378.1 |
| Oct | 380.5 | 381.0 | 0 | 0 |
| Dec | 383.0 | 383.5 | 383.0 | 383.0 |
| Feb | 385.6 | 386.1 | 0 | 0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 371.5 | 371.8 | 372.3 | 370.5 |
| Apr | 373.8 | 374.1 | 376.0 | 372.9 |
| Jul | 376.1 | 376.3 | 0 | 0 |
| Oct | 382.1 | 382.3 | 0 | 0 |
| Jan | 384.3 | 384.5 | 0 | 0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 397.8 | 401.1 | 401.5 | 397.0 |
| Jan | 399.3 | 402.6 | 0 | 0 |
| Feb | 400.8 | 404.3 | 0 | 0 |
| Mar | 402.3 | 405.8 | 406.5 | 400.5 |
| May | 405.1 | 409.4 | 410.0 | 405.0 |
| Jul | 409.5 | 412.8 | 412.0 | 409.5 |
| Sep | 413.0 | 416.3 | 0 | 0 |
| Dec | 418.4 | 421.7 | 420.0 | 417.5 |
| Jan | 420.3 | 423.7 | 0 | 0 |
| Mar | 424.1 | 427.8 | 425.5 | 425.5 |

**HIGH GRADE COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 97.35 | 98.65 | 97.90 | 97.20 |
| Jan | 97.00 | 98.50 | 97.80 | 96.70 |
| Feb | 96.90 | 98.50 | 97.70 | 97.00 |
| Mar | 96.60 | 98.10 | 97.45 | 96.50 |
| Apr | 96.60 | 97.90 | 97.30 | 96.90 |
| May | 96.45 | 97.75 | 97.15 | 96.30 |
| Jun | 96.35 | 97.70 | 97.20 | 96.75 |
| Jul | 96.30 | 97.40 | 97.00 | 96.40 |
| Aug | 96.20 | 97.25 | 97.00 | 96.75 |
| Sep | 96.15 | 97.15 | 96.60 | 96.25 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 19.53 | 19.42 | 19.70 | 19.15 |
| Feb | 19.55 | 19.41 | 19.74 | 19.18 |
| Mar | 19.54 | 19.39 | 19.72 | 19.25 |
| Apr | 19.55 | 19.39 | 19.70 | 19.25 |
| May | 19.58 | 19.39 | 19.63 | 19.30 |
| Jun | 19.56 | 19.39 | 19.60 | 19.31 |
| Jul | 19.58 | 19.39 | 19.59 | 19.33 |
| Aug | 19.58 | 19.39 | 19.67 | 19.40 |
| Sep | 19.58 | 19.38 | 19.65 | 19.40 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 5510 | 5444 | 5570 | 5415 |
| Feb | 5625 | 5544 | 5590 | 5515 |
| May | 5330 | 5230 | 5330 | 5230 |
| Jun | 5240 | 5160 | 5275 | 5160 |
| Jul | 5235 | 5150 | 5250 | 5150 |
| Aug | 5325 | 5225 | 5335 | 5250 |
| Sep | 5440 | 5350 | 5460 | 5400 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 1241 | 1227 | 1239 | 1238 |
| Mar | 1275 | 1265 | 1279 | 1268 |
| May | 1311 | 1300 | 1314 | 1305 |
| Jul | 1340 | 1330 | 1340 | 1332 |
| Sep | 1369 | 1358 | 1370 | 1363 |
| Dec | 1406 | 1395 | 0 | 0 |
| Mar | 1436 | 1425 | 0 | 0 |
| May | 1458 | 1447 | 0 | 0 |
| Jul | 1481 | 1470 | 0 | 0 |
| Sep | 1500 | 1488 | 1496 | 1492 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 75.80 | 76.10 | 76.00 | 75.70 |
| Mar | 79.75 | 80.15 | 80.20 | 79.65 |
| May | 82.40 | 82.75 | 82.90 | 82.40 |
| Jul | 85.15 | 85.60 | 85.70 | 85.10 |
| Sep | 87.75 | 88.30 | 88.05 | 87.90 |
| Dec | 91.40 | 91.90 | 91.70 | 91.30 |
| Mar | 94.50 | 95.40 | 0 | 0 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 8.92 | 9.08 | 9.05 | 8.89 |
| May | 8.84 | 9.02 | 8.97 | 8.83 |
| Jul | 8.83 | 9.00 | 8.95 | 8.82 |
| Oct | 8.82 | 9.00 | 8.95 | 8.81 |
| Mar | 8.80 | 8.94 | 8.80 | 8.80 |
| May | 8.74 | 8.90 | 0 | 0 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 59.68 | 61.35 | 59.70 | 59.12 |
| May | 60.99 | 63.65 | 60.98 | 60.36 |
| Jul | 62.00 | 64.08 | 62.00 | 61.40 |
| Oct | 64.10 | 65.28 | 64.00 | 63.75 |
| Dec | 64.74 | 65.88 | 64.74 | 64.00 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 163.05 | 161.25 | 163.35 | 160.70 |
| Mar | 164.30 | 162.95 | 164.75 | 162.40 |
| May | 164.70 | 163.25 | 164.60 | 162.70 |
| Jul | 164.30 | 162.95 | 0 | 0 |
| Sep | 162.80 | 161.35 | 0 | 0 |
| Nov | 152.25 | 152.00 | 0 | 0 |
| Jan | 151.00 | 150.00 | 151.00 | 151.00 |
| Mar | 151.00 | 150.00 | 0 | 0 |
| May | 151.00 | 150.00 | 0 | 0 |

**INDICES**

REUTERS (Base: September 18 1931 = 100)

| Dec.10 | Dec.9 | mnth ago | yr ago |
|---|---|---|---|
| 1611.0 | 1612.7 | 1625.0 | 1718.9 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Dec.9 | Dec.6 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 116.81 | 114.34 | 112.52 | 122.87 |
| Futures | 121.43 | 121.25 | 121.17 | 125.78 |

## Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 548/0 | 554/0 | 554/0 | 547/4 |
| Mar | 555/0 | 561/0 | 561/2 | 554/4 |
| May | 562/6 | 568/2 | 568/4 | 562/2 |
| Jul | 570/6 | 575/6 | 576/4 | 570/2 |
| Aug | 574/4 | 577/4 | 579/0 | 574/4 |
| Sep | 577/0 | 578/0 | 584/0 | 577/0 |
| Nov | 580/6 | 585/4 | 588/4 | 580/4 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 19.04 | 19.18 | 19.17 | 19.01 |
| Jan | 19.09 | 19.20 | 19.30 | 19.07 |
| Mar | 19.37 | 19.51 | 19.59 | 19.35 |
| May | 19.68 | 19.79 | 19.85 | 19.65 |
| Jul | 19.96 | 20.03 | 20.10 | 19.90 |
| Aug | 20.11 | 20.22 | 20.24 | 20.11 |
| Sep | 20.20 | 20.22 | 20.28 | 20.20 |
| Oct | 20.20 | 20.22 | 20.20 | 20.20 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 171.3 | 173.3 | 173.7 | 170.9 |
| Jan | 169.2 | 171.8 | 172.2 | 169.1 |
| Mar | 168.3 | 170.6 | 171.1 | 168.0 |
| May | 169.4 | 171.4 | 171.8 | 169.3 |
| Jul | 171.7 | 173.1 | 173.5 | 171.3 |
| Aug | 172.8 | 173.9 | 174.0 | 172.2 |
| Sep | 172.7 | 174.0 | 174.5 | 172.5 |
| Oct | 186.5 | 188.5 | 188.3 | 186.5 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 240/4 | 239/6 | 241/4 | 239/4 |
| Mar | 246/6 | 247/4 | 248/4 | 246/4 |
| May | 252/6 | 253/6 | 254/6 | 252/4 |
| Jul | 257/4 | 259/0 | 259/4 | 257/2 |
| Sep | 255/2 | 256/4 | 256/4 | 255/0 |
| Dec | 252/4 | 254/6 | 256/2 | 252/4 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 383/0 | 385/2 | 386/2 | 382/4 |
| Mar | 377/4 | 380/6 | 380/0 | 376/4 |
| May | 356/6 | 358/2 | 359/2 | 356/4 |
| Jul | 329/0 | 329/6 | 330/4 | 328/4 |
| Sep | 335/0 | 334/4 | 336/0 | 335/0 |
| Dec | 346/4 | 347/0 | 346/4 | 346/0 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 72.87 | 73.35 | 73.32 | 72.62 |
| Feb | 73.97 | 74.65 | 74.70 | 73.85 |
| Apr | 74.20 | 74.82 | 74.82 | 74.10 |
| Jun | 70.10 | 70.55 | 70.65 | 69.97 |
| Aug | 68.17 | 68.65 | 68.60 | 68.12 |
| Oct | 68.82 | 69.15 | 69.00 | 68.52 |

**LIVE HOGS 40,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 40.65 | 41.42 | 41.20 | 40.45 |
| Feb | 40.57 | 41.25 | 41.20 | 40.40 |
| Apr | 38.70 | 39.65 | 39.50 | 38.62 |
| Jun | 43.97 | 44.75 | 44.65 | 43.75 |
| Jul | 44.15 | 44.90 | 44.88 | 44.00 |
| Aug | 43.17 | 43.75 | 43.75 | 42.85 |
| Oct | 40.17 | 40.60 | 40.50 | 40.05 |

**PORK BELLIES 40,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 37.80 | 38.37 | 38.40 | 37.55 |
| Mar | 38.02 | 38.47 | 38.57 | 37.75 |
| May | 39.10 | 39.62 | 39.60 | 38.80 |
| Jul | 39.55 | 40.22 | 40.15 | 39.15 |
| Aug | 38.52 | 38.60 | 39.00 | 38.52 |

# LONDON STOCK EXCHANGE

# Share prices drift off in thin trading

By Terry Byland, UK Stock Market Editor

THE UK stock market struggled to hold on to the FT-SE 2,400 benchmark yesterday but fell away in the second half of the session when Wall Street opened on the downside. Trading volume remained thin in London, and traders feared that the pre-Christmas lull had set in early this year.

The uncertainties over the Maastricht negotiations, and the outlook for sterling and for domestic interest rates continued to hang over the stock market. Once again, a substantial contribution to the day's total volume came from trading in the new shares of BT, the new tranche of Government shares which entered the market on Monday.

The day started quietly with the blue chip stocks attempting to extend the somewhat unexpected advance of the previous session.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Nov 25 | Dec 9 | Dec 30 |
| Option Declarations: | | |
| Dec 5 | Dec 23 | Jan 9 |
| Last Dealings: | | |
| Dec 6 | Dec 27 | Jan 10 |
| Account Day: | | |
| Dec 16 | Jan 6 | Jan 20 |

*New-time dealings may take place from 8.30 am two business days earlier.

Sentiment was helped by a £615m bid from Redland for Steetley, which fulfilled one of the market's long-running hopes, but was restrained by a rights issue of £376m from Inchcape, the overseas trading company.

But it was soon clear that institutional support was still absent from the market and the meagre gain of 4.7 scored by the Footsie in early trading proved to be the high for the day.

Share gains soon reversed themselves and although there was little selling pressure, the market was in negative territory almost as soon as the morning session got under way.

After falling by 11 points, the Footsie rallied to regain the 2,400 mark, and managed to hold steady at these levels for the rest of the day, although trading volume was unimpressive. The heart was taken out of UK equities when Wall Street opened with a fall 12 points in London trading hours.

The final reading put the FT-SE Index at 2,392, just above the day's low, and showing a net fall of 17.6. Seaq volume of 521m shares compared with 634m on Monday.

Traders' chief complaint was of the lack of genuine retail business in equities. Statistics from the Stock Exchange confirmed that retail, or customer, business in equities dipped to a mere £814.7m on Monday. Daily volume has remained below the £1bn mark, seen as the sign of a healthy market, for more than a week, and hints of further staff cutbacks at securities firms continue to circulate in the London market.

There was little immediate response to yesterday's statistics on UK producer prices for last month, but the general uncertainty over the outlook for the domestic economy remained unchanged.

The modest improvement in sterling, as the Maastricht talks continued, made little difference to the growing doubt as to whether UK base rates can be cut, even by a mere half a point, before early next year.

Wall Street's bearish influence was reflected chiefly in falls among the blue chip industrials. ICI, Glaxo and Reuters all gave ground, and the oil stocks closed lower. Among the interest rate-influenced issues, however, retail stocks held relatively steady in spite of nervousness regarding the Christmas selling season.

The long-awaited bid for Steetley hit the shares of the bidder, Redland, but took the heat off of some of the other construction stocks which had been marked down as possible bidders. Financial stocks remained without support.

## Setback for oil leaders

THE OIL majors, British Petroleum and Shell Transport, took a double hit, weakened by another slide in crude oil prices and a substantial profits and dividends downgrade by Smith New Court, the stockbroker. Adding to the downward pressure on Shell was a "switch-out" recommendation from Strauss Turnbull, the stockbroker.

The Smith New Court downgrades put the broker's estimates firmly at the bottom of the market range. Mr Nick Clayton at Smith lowered his forecast of 1991 historic cost net income for BP from £800m to £621m and that for 1992 from £1.3bn to £1.055bn. He reduced his 1992 dividend estimate from 18.3p to 17.9p.

For Shell, the Smith analyst cut his 1991 estimate for historic cost net income from £2.85bn to £2.65bn and that for 1992 from £3.8bn to £3.5bn. His 1992 dividend prediction is lowered from 23p to 22.8p.

Mr Clayton cited rock bottom margins in petrochemicals, muted recovery hopes and the recent weakness in oil prices, for the downgrades. BP declined 4 to 288p on turnover of 13m, a figure substantially boosted by a late deal of 6m shares at 280p, thought to have represented a "bed and breakfast", or tax-related, trade. Shell dipped 6 to 475p on 1.7m. Strauss Turnbull recommended a switch out of Shell and into British Gas.

### ICI active

A positive meeting hosted by ICI yesterday failed to filter through into the share price. A badly handled sell order was said to be hanging over the stock. This, combined with dollar weakness, prompted the shares to fall 25 to 1133p on turnover of 1.7m.

The chemicals group gave an encouraging report to analysts on its research and development progress. The company's beta-blocker drug Tenormin was said to be performing very well and there were strong reports on its anti-asthma drug *Leukotriene*.

### BT 'new' sold

Activity in BT "new" shares was much reduced from Monday's debut level when 253m shares were traded. Yesterday, turnover reached 64m. Dealers said the "new" shares were under sustained selling pressure from the outset of trading, with the Seaq ticker revealing trades carried out as low as 122¾p. The lowest middle-price quotation yesterday was 124p.

There were suggestions that the government's "stabilisation" process had been implemented yesterday. It was thought that S.G. Warburg Securities, the global co-ordinator for the sale of BT "new", had been supporting BT "new" shares at 124p. BT "old" stock, meanwhile, came under renewed downward pressure, closing 3 easier at 327p on disappointing turnover of 6.4m.

### Royal falls

Royal Insurance fell sharply after news that its proposed links with Aachener und Munchener, of Germany, and Fondiaria, of Italy, will not result in cross-shareholdings between the companies. Royal shares dropped 14 to 252p on turnover of 2.6m.

*Specialists* said Royal shares came under pressure because of the lower than expected price the company received for the sale of its 18.8 per cent stake in Aachener and the absence of the expected capital injection into Royal. "The risk remains that Royal may still need a capital-raising exercise," said one analyst.

*Sun Alliance held at 288p*, with a late trade of 5.2m shares at 277p thought to have represented a tax-related "bed and breakfast" deal. Turnover in the stock leapt to 10.2m shares.

### Building bid

Steetley shares rocketed to 347p before coming off the top to close a net 62 ahead at 336p after the £600m-plus share exchange offer from Redland. The latter ended 29 weaker at 424p, after 422p.

*The bid is the culmination of* many weeks of intense speculation over Steetley. Redland was originally the market's favourite to launch a takeover for Steetley, whose shares moved up from the mid-250p level to 330p-plus last month. Two weeks ago, however, Steetley and Tarmac announced a joint venture for their building materials businesses.

Analysts said the offer from *Redland could well be the* opening shots in a hotly contested series of bids. A counter from the Continent has been mooted.

Disappointment over Monday's research and development meeting dogged Glaxo, which ended 19 cheaper at 802p on turnover of 2m. Following its meeting in London the pharmaceuticals group is to speak to analysts in New York today, Chicago tomorrow and San Francisco on Friday.

An analyst said US investors were "holding fire" ahead of the meetings, and the lack of buying in the States rather than any genuine selling was affecting the share price.

A weaker dollar depressed Reuters shares, which weakened 26 to 934p on turnover of 926,000.

Annual results from Compass were well received, even though they reflected the degree to which trading had fallen off in the second half of the financial year. Profits rose by 8 per cent to £32m, with the dividend increased from 6.9p to 7.55p. The shares closed 7 ahead at 397p.

Stakis put on a penny to 30p after the sale of its Firkin chain of public houses to Allied Breweries. This was good news for Stakis, which has been unsettled lately by stakebuilding from France and a rumour of a looming large tax bill.

Optimism about its restructuring plan helped Brent Walker to improve 3 to 17p.

More bad news for Ladbroke left the stock 12 lower at 217p. After meetings with Ladbroke executives, securities house Hoare Govett cut its profits forecast for the hotel and leisure group for next year by £25m to £270m. Hoare said it expects £30m of this to come from disposals. Worries over the group's exposure to the property turndown on both sides of the Atlantic also continued to depress the shares.

*Granada Group, whose final* results are expected today, managed to stem its recent underperformance and slipped just 2 to 169p. The market is expecting profits in the region of £60m and earnings per share of around 8p.

Full-year results from Vaux, the brewer and hotels and nursing homes operator, were, at £34.3m, down on the previous year by £4.5m, but observers were pleased with the openness of the results and the shares rose 6 to 200p.

Analyst Mr Graeme Eadie of County NatWest said: "It is the first hotel group to present a set of results without any capitalised interest and with extraordinary items above the line. He raised his full-year estimate by £1.3m to £35.6m to take account of £7m extraordinary profits from the sale of off-licences.

*Invergordon Distillers was* squeezed up 4 to 273p as buyers arbitraged on expectation of a return bid from Whyte & Mackay, the UK drinks subsidiary of US tobacco group American Brands, at 300p a share next year.

Television and video group Carlton Communications was marked 24 higher after a positive trading statement but drifted back in late trading to close a net 13 up at 458p. The company reported a 30 per cent fall in full-year profits to £88.8m but added: "Carlton is financially strong with substantial cash resources and no net debt."

The share price of Shandwick slumped by more than half after the public relations company forecast a £1m loss for the 15 months to October 31, against analysts' estimates of a profit between £20m and £25m. The shares plunged 72½ to 52½p.

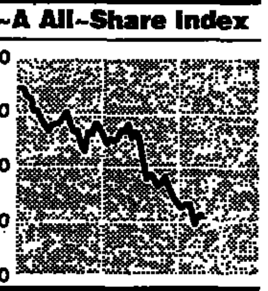
The group said work involving 50 clients and an aggregate income of £60m had been delayed or lost due to the world recession since it reported interim results in March. It added that margins had been eroded by inflationary pressures and costs.

Results from British Land satisfied the market, the 10 per cent rise in dividend being particularly well received. Profits were in line with expectations at £10.2m (£10.1m previously). "The company's decision to index-link a large chunk of its rental in a declining rental market was very foresighted," said Mr Ray Jones at Paribas, the french investment bank. He expects a full-year forecast of £35m to be realised. The shares fell 3 to 276p.

**MARKET REPORTERS:**
**Peter John, Joel Kibazo, Christopher Price, Steve Thompson.**

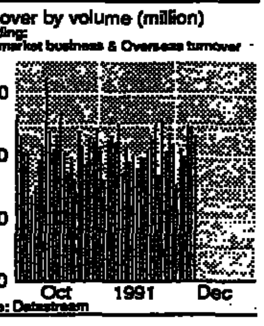
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 22.

### FT-A All-Share Index




### Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover




Source: Datastream

## NEW HIGHS AND LOWS FOR 1991

**NEW HIGHS (17).**
**BRITISH FUNDS (3)** Conv. 9pc 2011 B, Tr. 2pc IL '92, Tr. 3pc '92, **BUILDING MATERIALS** (1) Titon, **BUSINESS SERVICES** (2) RCO, Rolfe & Nolan, **CONTRACTING & CONSTRUCTION** (1) Ball (AH), **ELECTRICALS** (2) Blick, Lec Refrigeration, **ELECTRONICS** (1) Sage, **FOOD MANUFACTURING** (1) Unilever, **HEALTH & HOUSEHOLD** (1) Amersham Intl., **INVESTMENT TRUSTS** (2) Murray Ent., Temple Bar 9pc 2002, **OIL & GAS** (1) Ohio Res., **PACKAGING, PAPER & PRINTING** (1) Boxmore Intl., **TEXTILES** (1) British Mohair.
**NEW LOWS (75).**
**BRITISH FUNDS** (1) Exch. 13½pc 1992, **AMERICANS** (7) Citicorp, Ford Motor, IBM, Pennzoil, Tenneco, Texas Instrs., Varity, **CANADIANS** (6) Can. Pacific, ECO, Gulf Canada, Imperial Oil, Nova Corp of Alberta, **BUILDING MATERIALS** (3) Grafton, Redland, Travis Perkins, **BUSINESS SERVICES** (1) Gardner (DC), **CHEMICALS** (1) Sutcliffe Speakman, **CONGLOMERATES** (2) Cannon St. Invs., Reece, **CONTRACTING & CONSTRUCTION** (4) Birse, Kajima, Wescol, Westminster Scaff., **ELECTRICALS** (4) Ericsson (LM), NEC, Sony, Toshiba, **ELECTRONICS** (2) P & P, Vtech, **ENGINEERING GENERAL** (2) GEI Intl., Willaire, **FOOD MANUFACTURING** (1) Grand Central, **FOOD RETAILING** (1) Low (Wm.), **HEALTH & HOUSEHOLD** (1) Kynoch (G & G), **INSURANCE BROKERS** (2) Alexander & Alexander, Sturge, **INSURANCE COMPOSITE** (2) Hafnia, USF & G, **INSURANCE LIFE** (1) Legal & General, **INVESTMENT TRUSTS** (6) Abtrust New European, Drayton Blue Chip, Drayton Recovery, Electra, German Smaller, Nth. American Gas, **MEDIA** (4) Aegis, Lopex, Saatchi, TV-am, **METAL & METAL FORMING** (1) Cohen (A), **MISCELLANEOUS** (1) Nobo, **MOTORS** (2) General Motors Units, Volkswagen, **OIL & GAS** (6) Command Pet., Crossroads, Norsk Hydro, Pict Pet., Santos, Sceptre Res., **OTHER FINANCIAL** (7) Cons. Afex, Gerrard & National, JF Asia Select, JF Indonesia, JF Pacific Wrnt. Fd., JF Philippine Wrrnts., Madkerrsean Fd., **OTHER INDUSTRIAL MATERIALS** (2) Headway, Whitecroft, **PROPERTY** (2) Hammerson A, Trencherwood, **TRANSPORT** (1) Eurotunnel Units, **MINES** (3) Cons. Murchison, Renison, Western & Pac. Res.

## FINANCIAL TIMES STOCK INDICES

| | Dec 10 | Dec 9 | Dec 6 | Dec 5 | Dec 4 | Year Ago | 1991 High | 1991 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 86.81 | 86.65 | 86.70 | 86.54 | 86 22 | 83 27 | 87.94 (18/9) | 82.17 (2/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 96.76 | 96.67 | 96.70† | 96.34 | 96.03 | 90.56 | 97.17 (2/10) | 90.59 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share ● | 1819 7 | 1830.0 | 1802.8 | 1822 4 | 1839.5 | 1706.0 | 2108.3 (2/9) | 1606.3 (16/1) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 169.7 | 166.9 | 163 5 | 163 9 | 168 1 | 149.1 | 222.8 (11/7) | 127.0 (22/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2392.0 | 2409.6 | 2388.7 | 2407.0 | 2423 8 | 2165.8 | 2679.6 (2/9) | 2054.8 (16/1) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1086 32 | 1086.51 | 1086.91 | 1096.92 | 1105.53 | - | 1198.60 (3/9) | 938.62 (16/1) | 1198.60 (3/9/91) | 938.62 (16/1/91) |
| ●Ord. Div. Yield | 5 06 | 5.03 | 5 09 | 5.06 | 5.01 | 5.63 | | | | |
| ●Earning Yld %(full) | 7.58 | 7.53 | 7.61 | 7.57 | 7.45 | 11.76 | | | | |
| ●P/E Ratio(Net)(☆) | 16.58 | 16.70 | 16.51 | 16.59 | 16.87 | 10.27 | | | | |
| SEAQ Bargns 4.45pm | 22,235 | 25,952 | 27,116 | 24,252 | 23,293 | 40,877 | | | | |
| Equity Turnover(£m)† | - | 814.72 | 881.43 | 937.84 | 926.82 | 1389.78 | | | | |
| Equity Bargains† | - | 26,789 | 27,614 | 22,158 | 22,113 | 39,854 | | | | |
| Shares Traded (ml)† | - | 472.7 | 499.0 | 501.6 | 403.6 | 560.1 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928 Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.65. †Correction

Ordinary Share Index, Hourly changes — Day's High 1838.0 — Day's Low 1818.6

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1832.3 | 1837.8 | 1825.2 | 1829.2 | 1828.9 | 1827.2 | 1827.1 | 1827.5 | 1819.5 |

FT-SE 100, Hourly changes — Day's High 2414.3 — Day's Low 2390 5

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2408 3 | 2414.3 | 2398.9 | 2404.6 | 2403.4 | 2404.1 | 2404.0 | 2404.4 | 2392.2 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1088 03 — Day's Low 1084.40

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1086.41 | 1084.68 | 1085.62 | 1085.48 | 1086.46 | 1086.20 | 1086.04 |

## GILT EDGED ACTIVITY

| Indices* | Dec 9 | Dec 6 |
|---|---|---|
| Gilt Edged Bargains | 63.3 | 79.5 |
| 5-Day average | 73.5 | 76.9 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADT | 406 | 281 | -32 | Cookson | 835 | 106 | +4 | Lucas | 1,200 | 108 | | Shell Transport | 1,700 | 475 | -6 |
| ASDA Group | 5,700 | 33½ | | Courtaulds | 1,100 | 456 | +1 | MB Caradon | 406 | 247 | +6 | Siebe | 140 | 500 | -2 |
| Abbey National | 1,000 | 280 | | Dalgety | 113 | 347 | -4 | MEPC | 542 | 405 | -8 | Slough Ests | 979 | 234 | -1 |
| Argyll Fisher | 2,100 | 66 | -6 | De La Rue | 409 | 456 | +1 | Manweb | 240 | 331 | +9 | Smith (W.H.) A | 1,300 | 464 | -6 |
| Allied-Lyons | 781 | 587 | +7 | Dixons | 1,400 | 218 | -3 | Marks & Spencer | 3,300 | 287 | -1 | Smith & Nephew | 3,400 | 130½ | +½ |
| Amstrad | 470 | 26 | | ECC Group | 446 | 452 | +4 | Midland Bank | 4,400 | 194 | -10 | SmKl Beecham | 2,300 | 813 | -4 |
| Anglian Water | 545 | 336 | +8 | Eastern Elect. | 953 | 221 | +4 | Midlands Elect. | 327 | 295 | +6 | SmKl Beecham Uts | 73 | 3685 | +2 |
| Argos | 1,200 | 270 | -1 | East Midland Elect. | 123 | 243 | +5 | NFC | 366 | 213 | -1 | Smiths Inds. | 212 | 391 | +2 |
| Argyll Group | 1,500 | 283 | -2 | Enterprise Oil | 724 | 455 | -5 | NatWest Bank | 1,800 | 262 | -3 | Southern Elect. | 199 | 243½ | +4½ |
| Arjo Wiggins | 202 | 280 | +2 | Eurotunnel Units | 549 | 353 | -10 | National Power | 3,800 | 144 | +4 | South Wales Elect. | 52 | 286 | +5 |
| Ass. Brit. Foods | 65 | 454 | +8 | FKI | 1,700 | 52 | | Next | 4,500 | 60 | -½ | South West Water | 1,000 | 307 | -3 |
| BAA | 2,200 | 505 | -1 | Ferranti | 745 | 6½ | | North West Water | 811 | 333 | | South West. Elect. | 33 | 253 | +6 |
| British Gas | 11,000 | 237 | -1 | Hawker Sidd. | 56 | 729 | +3 | Rentokil | 181 | 370 | -4 | Unigate | 396 | 274 | -5 |
| British Land | 9 | 276 | -3 | Hillsdown | 700 | 168 | -1 | Reuters | 926 | 934 | -26 | Unilever | 2,100 | 344 | +6 |
| BP | 13,000 | 288 | -4 | IMI | 201 | 215 | -1 | Rolls Royce | 1,600 | 121 | | United Biscuits | 805 | 378 | -7 |
| British Steel | 10,000 | 68½ | -1½ | ICI | 1,700 | 1133 | -25 | Rothmans | 240 | 1054 | +5 | Utd. Newspapers | 283 | 367 | -2 |
| British Telecom | 6,400 | 327 | -3 | Inchcape | 2,500 | 403 | +2 | Ryl Bk. Scotland | 1,400 | 155 | -4 | Vodafone | 2,200 | 365 | +5 |
| Br. Telecom New | 64,000 | 124¼ | -1½ | Kingfisher | 578 | 506 | +4 | Royal Insurance | 2,700 | 252 | -14 | Warburg (SG) | 117 | 518 | +10 |
| Burmah Castrol | 352 | 78 | | Ladbroke | 5,600 | 217 | -12 | Saatchi | 6,700 | 11 | -1 | Wellcome | 586 | 902 | +2 |
| Burmah Castrol | 391 | 504 | +3 | Land Securities | 234 | 486 | -3 | Sainsbury | 1,700 | 353 | -5 | Welsh Water | 106 | 344 | +1 |
| Burton | 869 | 34½ | +½ | Laporte | 208 | 589 | +2 | Scottish & New | 493 | 404 | -2 | Wessex Water | 552 | 321 | +7 |
| Cable & Wire. | 1,600 | 548 | +11 | Legal & General | 1,100 | 342 | -14 | Scot. Hydro-Elect. | 316 | 101 | +1 | Whitbread 'A' | 720 | 414 | -6 |
| Cadbury Schweppes | 1,800 | 423 | +8 | Lloyds Abbey | 719 | 343 | +8 | Scottish Power | 1,800 | 99 | +1 | Williams Hldgs. | 660 | 304 | -2 |
| Calor Group | 1,200 | 219 | +1 | Lloyds Bank | 2,300 | 354 | +2 | Sears | 3,500 | 87 | -2½ | Willis Corroon | 649 | 248 | -3 |
| Carlton Comms. | 1,200 | 458 | +13 | LASMO | 926 | 252 | -3 | Sedgwick | 1,100 | 204 | -2 | Wimpey | 31 | 141 | +1 |
| Coats Viyella | 2,000 | 168½ | -2½ | London Elect. | 80 | 236 | +5 | Seeboard | 179 | 254 | +6 | Yorkshire Elect. | 781 | 288 | +6 |
| Comm. Union | 388 | 450 | -6 | Lonrho | 1,100 | 166 | -½ | Severn Trent Water | 929 | 308 | +2 | Yorkshire Water | 818 | 353 | +2 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

FOOTSIE futures retreated from Monday's strong advance as traders once again focused on the poor economic outlook, writes Joel Kibazo.

Sellers of the December contract were seen early in the session and the contract was 10 points down at 2,412 within the first hour of trading.

December continued downwards for the rest of the day, pulling the underlying cash market lower. Dealers said the clutch of company results simply served to confirm that the UK was still in the middle of recession.

By the close, December stood at 2,395, down 27 on the previous session and around its estimated fair value to cash, the premium which allows for dividend flow and financing costs on the underlying Footsie stocks.

In the LTOM, turnover at 22,149 was above Monday's meagre figure but still below the 30,000 break-even level.

Asda, generally one of the busiest option series because of its relatively low price, was the day's most active counter, with a day's total of 1,943 lots traded. The January 30 puts had 1,000 lots transacted.

*This was followed by Forte* on 1,672 contracts dealt, with March 220 puts particularly busy. ICI, Cadbury and Amstrad were also busy.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| | Notes | Price £ | + or - | 1991 high | 1991 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | | |
| Treas 8pc 1991 | | 99⅝xd | — | 99⅞ | 96⅝ | 8.82 | — |
| 12¾pc 1992‡‡ | | 100⅞ | — | 101½ | 100⅞ | 12.78 | 10.40 |
| 10pc 1992 | | 99⅞ | — | 100⅛ | 97⅞ | 10.02 | 10.28 |
| 2pc IL 1992‡‡ | | 134⅞ | +⅛ | 134⅞ | 125⅞ | 1.97 | 8 11 |
| 8pc 1992 ‡‡ | | 99⅛ | — | 99¼ | 95⅞ | 8.07 | 10 12 |
| Five to Fifteen Years | | | | | | | |
| Treas 13¼pc 1997‡‡ | | 112⅝ | +⅛ | 114⅞ | 108⅞ | 11.76 | 10.02 |
| Exch 10½pc 1997 | | 102⅝ | +⅛ | 103⅞ | 97¼ | 10.23 | 9.82 |
| Treas 8¾pc 1997‡‡ | | 95⅞ | +⅛ | 96⅞ | 89⅞ | 9.14 | 9.75 |
| Exch 15pc 1997 | | 121½ | +⅛ | 123⅞ | 117 | 12.38 | 10.12 |
| 9¾pc 1998 | | 99⅝ | +⅛ | 100⅞ | 93⅞ | 9.79 | 9.82 |
| Treas 6¾pc 1995-98‡‡ | | 88⅞ | +⅛ | 88⅞ | 80⅝ | 7.65 | 8.24 |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991 high | 1991 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| 15½pc '98‡‡ | | 126⅞ | +⅛ | 128⅞ | 121¾ | 12.22 | 9.97 |
| Exch 12pc 1998 | | 110⅞ | +⅛ | 111⅞ | 104⅞ | 10.87 | 9.89 |
| Treas 9½pc 1999‡‡ | | 99⅞xd | +⅛ | 100⅞ | 92⅞ | 9.55 | 9 63 |
| Exch 12¼pc 1999 | | 112⅞ | +⅛ | 113⅞ | 105⅞ | 10.95 | 9.90 |
| Treas 10½pc 1999 | | 103⅞ | +⅛ | 104⅞ | 97⅞ | 10.13 | 9.79 |
| Conversion 10¼pc 1999 | | 102⅞ | +⅛ | 103⅞ | 95⅞ | 10.00 | 9.79 |

### BRITISH FUNDS - Cont.

| Index-Linked | Notes | Price £ | + or - | 1991 high | 1991 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|---|
| Treas. 2pc '94 | (102.9) | 122⅞ | -⅛ | 123¾ | 115⅞ | 2.78 | 3.78 |
| 2pc '96 | (67.9) | 177⅞ | -⅛ | 177⅞ | 168⅞ | 3.48 | 4.02 |
| 2½pc '01 | (78.3) | 143⅞ | -¼ | 145⅞ | 137⅞ | 4.02 | 4.32 |
| 2½pc '03 | (78.8) | 139⅞ | -¼ | 141⅞ | 133 | 4.09 | 4.35 |

# APPOINTMENTS

## Davies retains contacts and switches loyalties in Hong Kong

David Davies, the UK company doctor who first made his name turning round Hongkong Land in the mid-1980s, has resurfaced in the colony as a *non-executive director of* The Wharf (Holdings), the main public company in the business empire of the late Sir Y K Pao.

The 51-year-old Davies, currently chairman of Johnson Matthey and Sketchley, says that he is joining because he is an old friend of Wharf chairman Peter Woo – they both started as *Chase Manhattan* bankers – and he is keen to maintain his close ties with Hong Kong.

Although based in London, he has a house and an office in Hong Kong and probably spends more than 25 per cent of his time in Hong Kong.

Although it is unusual for a businessman to switch his loyalties in a closely-knit community like Hong Kong – Hongkong Land is the blue-chip property arm of the rival Jardine Matheson empire – Davies stresses that he severed his ties with Jardine five years ago.

Since then he has been chief executive of Hill Samuel and collected a group of non-executive directorships of international companies including American Barrick.

Davies is well-known for his good connections in the property world and his appointment to the Wharf board – 75 per cent of its profits come from property – is a further sign that chairman Peter Woo is intent on shaking off the conservative image of his father-in-law, Sir Y K Pao.

## From public to private

MILLER Group, the privately-owned construction company, has recruited David Cawthra. Until September, Cawthra was chief executive of *Balfour Beatty, the construction* subsidiary of BICC.

Cawthra will take over the Edinburgh-based company as chief executive from James *Miller who has been chairman* and chief executive since 1970. Miller will continue as chairman.

Cawthra says he left Balfour Beatty after three and a half years as CEO because he wanted "a change of career path". He was attracted to Miller, whose turnover of £235m *compares* with Balfour Beatty's £1.8bn, because it was a business in which "you can be a bit closer to people and what they are doing".

"The big opportunities in construction are in up and coming companies which seem to have been hit less hard by recession than have the large ones," Cawthra says. Bob Rankin, Cawthra's predecessor at the top of Balfour Beatty, also left to go to a smaller, Scottish construction company, Lilley.

Cawthra says he wants to make Miller bigger "both in size and in its worth to the shareholders", who consist principally of the Miller family. Moving into a family company is, he admits, a "bold step".

■ David Newton is appointed to the new position of chief operating officer of Hillsdown Holdings, responsible for the group's food activities which account for over 80 per cent of turnover and operating profit. He is currently president of Maple Leaf Foods and will continue to be so when he returns to London.

■ CREDIT AGRICOLE Personal Finance, the London mortgage lending arm of the large French bank, has appointed a new managing director from February 1. Michel Maurau, 45, is currently regional director at the Caisse Régionale d'Ile de France, the largest regional bank in the Crédit Agricole group, where he was in charge of 50 branches.

■ Graham Corbett, Eurotunnel's md for finance and administration, has been appointed to its joint Anglo-French Board. He joined Eurotunnel in 1987 from Peat Marwick where he was senior partner in the Paris office.

■ TATE & LYLE has appointed *Edwin Makin president of* Domino Sugar on the retirement of Jack Lay. Robert Satola succeeds Makin as president of Redpath Sugars in Canada.

■ LABATT BREWING UK has promoted John Eckmire to md in place of Bob Kemble who is returning to Canada.

■ Michael Wilson has been promoted to md of CYANAMID from deputy md since October when he returned to the UK from Korea.

# LONDON SHARE SERVICE

## AMERICANS

| Notes | Price £ | + or - | 1991 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|
| Abbott Labs | 33¼xd | — | 34⅝ | 20⅞ | 14,182 | 1.7 |
| ♥Allegheny & W | 256p | −12 | 385p | 218p | 133.0 | 6.6 |
| Amdahl | 700pxd | −46 | 10⅛ | 567p | 775.5 | 0.8 |
| Amer Cyanamid | 31½ | +¼ | 42½ | 25⅜ | 2,947 | 2.7 |
| Amer Express | 10¼xd | −1/16 | 17⅞ | 9 11/16 | 4,816 | 5.5 |
| Amer T & T | 20 7/16xd | −1/16 | 24½ | 15¼ | 26,895 | 3.6 |
| Ameritech | 34½ | — | 38⅞ | 32½ | 15,105 | 5.5 |
| BankAmerica | 17½xd | −3/32 | 25 [illegible] | 12 [illegible] | 3,884 | 3.9 |
| Bankers NY | 34 5/16xd | +1/16 | 39 [illegible] | 20 [illegible] | 2,802 | 8.0 |
| Bell Atlantic | 25⅜xd | +½ | 38½ | 24¼ | 9,979 | 5.6 |
| BellSouth | 28¼ | +½ | 31¼ | 25 | 12,732 | 5.9 |
| ♥Bethlehem Steel | 8¾xd | — | 11¼ | 6 [illegible] | 514.1 | 3.3 |
| Bowater | 1061p | −17 | 1839p | 1046p | 381.1 | 6.4 |
| CPC | 47⅝xd | +1/16 | 54 [illegible] | 37 [illegible] | 3,599 | 2.4 |
| California Engy | 816p | −9 | 938p | 420p | 148.6 | — |
| Campbell Soup | 42¼xd | −1⅜ | 50 | 28⅛ | 5,385 | 1.9 |
| Chase Manhattan | 8⅞ | +[illegible] | 12¾ | 5 [illegible] | 1,127 | 8.2 |
| Chrysler | 8¼xd | −¼ | 9 [illegible] | 5½ | 1,791 | 5.4 |
| Citicorp | 6½xd | −⅛ | 18⅝ | 5½ | 1,889 | — |
| Colgate-Palm | 28 13/16xd | +1/16 | 28⅝ | 21 [illegible] | 3,437 | 2.5 |
| Cont'l Bank | 486p | +19 | 928p | 438p | 490.1 | 6.9 |
| Dana | 14 1/16xd | −1/16 | 21⅝ | 13 [illegible] | 578.6 | 6.4 |
| Data General | 825p | +4 | 1282p | 203p | 227.7 | — |
| Dial | 22xd | −⅞ | 25⅝ | 12⅞ | 889.0 | 3.6 |
| Dun & Brad | 27¾ | +⅛ | 29⅝ | 20¾ | 4,954 | 4.4 |
| Eaton | 31¾ | — | 40 | 24¼ | 1,881 | 3.3 |
| Echlin | 6 15/16xd | −1/16 | 8½ | 5½ | 391.6 | 6.6 |
| FPL | 19¾xd | — | 28⅛ | 14 [illegible] | 3,263 | 7.0 |
| Fluor | 20¼xd | +¾ | 30 [illegible] | 17 [illegible] | 1,639 | 0.9 |
| Ford Motor | 13xd | −¼ | 23¼ | 13 | 6,154 | 4.3 |
| Gen Elect | 35 11/16xd | +[illegible] | 48 [illegible] | 28 [illegible] | 30,925 | 3.2 |
| ♥General Host | 422p | +6 | 506p | 270p | — | 4.8 |
| Gillette | 28¼xd | +[illegible] | 45¾ | 20⅞ | 5,739 | 1.3 |
| Hasbro | 19⅞ | +⅜ | 29⅞ | 794p | 1,133 | 0.7 |
| Honeywell | 32½xd | −⅛ | 38½ | 21¾ | 2,288 | 2.9 |
| Houston Inds | 23⅞ | +½ | 23½ | 17⅞ | 3,013 | 7.1 |
| IBM | 46 13/16xd | −2 [illegible] | 72 [illegible] | 46 [illegible] | 28,854 | 5.8 |
| Ingersoll-Rand | 23 [illegible] | −[illegible] | 32½ | 18 [illegible] | 1,237 | 3.1 |
| Lockheed | 23xd | −[illegible] | 28⅛ | 16⅞ | 1,456 | 4.9 |
| Lowe's | 1468p | −33 | 2155p | 1245p | 535.7 | 2.1 |
| Man Hanover ♦ | 12⅝xd | −⅛ | 18⅞ | 9½ | 980.1 | 14.6 |
| Merrill Lynch | 27¼xd | −⅛ | 32⅞ | 10 [illegible] | 2,787 | 2.1 |
| Morgan (JP) | 33 [illegible]xd | +1/16 | 36¼ | 21 [illegible] | 6,489 | 3.3 |
| Morris (Philip) | 37 [illegible]xd | +1/16 | 44¼ | 25 [illegible] | 85,123 | 3.1 |
| NYNEX | 47⅝ | +¼ | 45⅜ | 39 | 8,412 | 6.2 |
| ♥Pac Agric | 28½p | — | 89p | 15p | — | — |
| Pall | 18½ | −1 | 23 [illegible] | 15⅞ | 1,882 | 1.3 |
| Pennzoil | 31¼xd | −½ | 48⅛ | 31¼ | 1,263 | 5.4 |
| Quaker Oats | 38 [illegible]xd | −[illegible] | 49½ | 24⅞ | 2,968 | 2.5 |
| Rockwell | 14xd | +¼ | 17⅜ | 12⅛ | 3,221 | 3.7 |
| Rep NY | 22⅛xd | −[illegible] | 27 [illegible] | 16½ | 1,151 | 2.5 |
| Sears Roebuck | 18⅝xd | −¼ | 25⅝ | 12 [illegible] | 6,408 | 6.0 |
| Stnwestern Bell | 32xd | +⅛ | 34½ | 25⅝ | 9,595 | 5.0 |
| Sun Co | 14 [illegible]xd | −¼ | 20¼ | 14 [illegible] | 1,617 | 7.2 |
| Tenneco | 17 [illegible]xd | −2 [illegible] | 27⅛ | 17 [illegible] | 2,198 | 5.0 |
| Texaco | 31 [illegible]xd | −[illegible] | 48½ | 29 [illegible] | 8,125 | 5.7 |
| Texas Instr | 15xd | −[illegible] | 26⅛ | 15 | 1,229 | 2.7 |
| Time Warner | 45⅜xd | −[illegible] | 84½ | 37⅞ | 4,189 | 1.2 |
| TRINOVA | 9⅛xd | −[illegible] | 18⅞ | 8 [illegible] | 257.5 | 4.2 |
| ♥Unilab | 509p | — | 555p | 250p | 472.8 | — |
| Utd Tech | 25 [illegible]xd | −[illegible] | 29⅞ | 22⅜ | 3,058 | 4.0 |
| ♥Utitech | 66p | — | 92p | 42p | — | — |
| US West | 18⅞ | −¼ | 23 | 18¼ | 7,711 | 6.2 |
| Varity | 79¾p | −1 | 182p | 79¾p | 19.9 | — |
| Waste Manage | 21 [illegible]xd | +[illegible] | 24 [illegible] | 16⅝ | 18,134 | 1.2 |
| Whirlpool | 1719p | −166 | 2346p | 1053p | 1,195 | 3.8 |
| ♥Woolworth | 14 [illegible] | −[illegible] | 29 [illegible] | 13½ | 1,834 | 4.3 |

## CANADIANS

| Notes | Price £ | + or - | 1991 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|
| ♥Abbot Energy | 2p | — | 11p | 2p | — | — |
| Amer Barrick | 1473p | +51 | 1477p | 953p | 2,818 | 0.3 |
| Bk Montreal | 28½ | −[illegible] | 28 [illegible] | 13 | 2,447 | 5.3 |
| Bk Nova Scot | 998pxd | −5 | 1033p | 536p | 2,008 | 5.1 |
| ♥BC Gas | 779p | −21 | 862p | 639p | — | 3.9 |
| BCE | 23 [illegible] | −[illegible] | 24 | 17¼ | 7,108 | 6.3 |
| ♥Bracan | 871p | −3 | 10½ | 647p | 718.3 | 6.1 |
| ♥Breakwater | 11¼p | −¼ | 36p | 9p | 7.16 | — |
| Can Imp Bk | 1687p | −7 | 1725p | 1180p | 2,933 | 4.2 |
| Can Pacific | 848p | −4 | 11 | 845p | 2,694 | 0.2 |

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## CONTRACTING & CONSTRUCTION - Cont.

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING AEROSPACE

## ENGINEERING GENERAL

## ENGINEERING-GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HEALTH & HOUSEHOLD - Cont.

## HOTELS & LEISURE

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

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# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

## MISCELLANEOUS - Cont.

## OIL & GAS - Cont.

## PACKAGING, PAPER & PRINTING - Cont.

## STORES - Cont.

## MINES - Cont.

| Notes | Price | + or - | 1991 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|
| ‡‡Ivernia West IE | 48 | -1 | 61 | 30 | 15.2 | – |
| ‡‡Kells Minis IE | 38 | — | 46 | 33 | 0.92 | – |
| ✣Kenmare | 7xr | — | 25 | 6½ | 6.72 | – |
| ‡‡Navan Res IE n | 18 | — | 20 | 15 | 0.87 | – |
| Northgate Expl C$ s | 48¾ | -2½ | 99 | 47 | 8.15 | – |
| North West Expl A$ | 8 | — | 15 | 5 | 2.82 | – |
| Oryx Gold $ | 123 | — | 188 | 82 | – | – |
| ‡‡Ovoca Gold IE | 11 | — | 23 | 10 | 0.77 | – |
| Plateau | 18 | — | 44 | 16 | 2.89 | – |
| ■RTZ | 476 | -6 | 685 | 404 | 4,745 | 5.5 |
| ♥Thorco Res | 4⅞ | -1⅝ | 11 | 3¼ | – | – |
| ✣Vizcaya | 2½ | +½ | 18 | 2 | 1.34 | – |
| ♥Western & Pac C$ | 19½ | -½ | 152 | 19½ | 10.7 | – |
| ✣Young Grp | 106 | — | 133 | 106 | 9.98 | 6.5 |

## MEDIA

## MERCHANT BANKS

## METALS & METAL FORMING

## MISCELLANEOUS

## MOTORS

## OIL & GAS

## OTHER FINANCIAL

## OTHER INDUSTRIAL MATERIALS

## PACKAGING, PAPER & PRINTING

## PROPERTY

## STORES

## TELEPHONE NETWORKS

## TEXTILES

## TRANSPORT

## WATER

## SOUTH AFRICANS

## PLANTATIONS

## MINES

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being compared on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- · Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1990.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1989-90.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1160 a year for each security shown, subject to the Editor's discretion

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst Mngrs (1000)H**
80 Holdenhurst Rd, Bournemouth 0345 717373

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **High Income** | | | | | | |
| Gilts & Fixed Int | 6 | 115.6 | 115.6 | 122.7 | +0.4 | 9.37 |
| High Inc Equity | 6 | 120.8 | 123.9xd | 131.8 | +0.1 | 6.45 |
| Worldwide Bond | 6 | 211.2 | 211.2xd | 224.2 | -0.1 | 6.69 |
| **Capital Growth** | | | | | | |
| American Growth | 6 | 190.4 | 190.4 | 203.4 | -1.0 | 1.10 |
| Asian Pacific | 6 | 116.1 | 116.1 | 124.1 | -1.3 | 1.27 |
| Assets & Earnings | 6 | 171.2 | 171.2xd | 183.1 | +0.7 | 3.28 |
| Capital Reserve Acc | 0 | 111.0 | 111.0 | 111.1 | +0.2 | 6.83 |
| Capital Reserve Inc | 0 | 87.78 | 87.78 | 87.83 | +0.12 | 6.83 |
| Comdty & Energy | 6 | 69.92 | 69.92 | 74.78 | -0.27 | 1.82 |
| 1992 Enterprise | 6 | 62.19 | 62.19 | 66.51 | +0.65 | 3.10 |
| Euro Capital Acc | 6 | 81.96 | 81.96 | 87.65 | -0.77 | 1.19 |
| Euro Capital Inc | 6 | 78.31 | 78.31 | 83.75 | -0.73 | 1.19 |
| General | 6 | 161.0 | 161.0 | 172.1 | +0.6 | 2.91 |
| Japan | 6 | 89.10 | 90.15xd | 95.90 | -1.45 | - |
| Mastertrust | 6 | 85.53 | 85.53 | 91.47 | -0.34 | 2.60 |
| UK Growth Acc | 6 | 164.4 | 171.4 | 182.3 | +0.3 | 2.19 |
| UK Growth Dist | 6 | 104.5 | 108.9xd | 115.8 | +0.2 | 2.23 |
| US Emerging Cos | 6 | 71.70 | 72.97 | 77.62 | -0.44 | - |
| Income & Growth | 6 | 278.1 | 278.1xd | 297.4 | +1.4 | 4.71 |

**Bishopsgate Progressive Mgmt Co (1200)F**
15 St James' Place, London SW1A 1NW 071-493 8111

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Progressive Inc | 5 | £17.38 | 17.38xd | 18.34 | -0.14 | 1.48 |
| Progressive Acc | 5 | £26.54 | 26.54 | 28.01 | -0.21 | 1.48 |
| International Inc | 5 | £18.79 | 18.79 | 19.83 | ---- | 1.22 |
| International Acc | 5 | £25.50 | 25.50 | 26.91 | ---- | 1.22 |
| Can & Foreign Inc | 5 | 218.3 | 218.3 | 230.4 | ---- | 0.53 |
| Can & Foreign Acc | 5 | 260.9 | 260.9 | 275.4 | ---- | 0.53 |
| Special Sits Inc | 5 | 198.7 | 198.7 | 209.7 | ---- | 1.40 |
| Special Sits Acc | 5 | 215.8 | 215.8 | 227.8 | ---- | 1.40 |
| PEP Inc | 5 | 132.6 | 136.3 | 143.9 | ---- | 2.14 |
| PEP Acc | 5 | 141.6 | 145.6 | 153.7 | ---- | 2.14 |
| Growth Inc | 5 | 75.67 | 75.67 | 79.86 | ---- | 0.49 |
| Growth Acc | 5 | 76.44 | 76.44 | 80.68 | ---- | 0.49 |

**Brewin Dolphin Unit Tst Mgrs Ltd (0905)F**
5 Giltspur St, London EC1A 9DE 071-236 6441

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Dolphin Special Sits | 5¼ | 115.6 | 115.6 | 123.6 | +0.3 | 3.57 |
| Dolphin Dividend | 5¼ | 95.26 | 95.26 | 99.10 | +1.04 | 6.50 |
| Dolphin Int Inc & Gth | 5¼ | 151.8 | 151.8 | 162.3 | +1.8 | 4.83 |
| Dolphin UK & Gen | 5¼ | 34.59 | 34.73 | 37.14 | -0.51 | 1.91 |
| Dolphin Fund of Fnds | 5¼ | 44.88 | 46.88 | 50.13 | -0.13 | 1.28 |

**Britannia Life Unit Managers Ltd (1200)F**
190 West George St, Glasgow G2 2PA 041-332 3132

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Balanced Growth | 6 | 73.01 | 74.23 | 79.39 | +0.32 | 2.71 |
| Do (Accum) | 6 | 78.19 | 79.50 | 85.02 | +0.34 | 2.71 |
| Service Cos | 6 | 63.13 | 64.43xd | 68.91 | +1.71 | 1.98 |
| Do (Accum) | 6 | 67.05 | 68.42 | 73.18 | +1.81 | 1.98 |
| Income Growth | 6 | 37.60 | 37.60xd | 40.21 | +0.12 | 5.59 |
| Do (Accum) | 6 | 54.14 | 54.14 | 57.91 | +0.17 | 5.59 |
| Higher Yield | 6 | 30.03 | 30.03 | 32.12 | -0.06 | 4.90 |
| Do (Accum) | 6 | 38.47 | 38.47 | 41.14 | -0.08 | 4.90 |
| American Gth Inc | 6 | 32.18 | 32.18 | 34.42 | -0.20 | 1.08 |
| Do (Accum) | 6 | 32.79 | 32.79 | 35.07 | -0.20 | 1.08 |

[illegible]

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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# FT MANAGED FUNDS SERVICE

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## INSURANCES

## OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd

[illegible]

National Mutual Life

[illegible]

National Provident Institution

[illegible]

Norwich Union Asset Management Ltd

[illegible]

Norwich Union Life Insurance Soc.

[illegible]

Pearl Assurance (Unit Funds) Ltd

[illegible]

Pegasus Assurance Ltd

[illegible]

Premium Life Assurance Co Ltd

[illegible]

Professional Life Assurance Co Ltd

[illegible]

Prolific Life & Pensions Ltd

[illegible]

Prosperity Life Assurance Ltd

[illegible]

Providence Capital Life Assc. Co Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Provident Mutual Life Assc. Assn.

[illegible]

Prudential Assurance Co

[illegible]

Prudential Holborn Life Ltd

[illegible]

Prudential Holborn Pensions Ltd

[illegible]

Prudential Pensions Limited

[illegible]

Reliance Mutual

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assurance

[illegible]

Save & Prosper Group

[illegible]

Scottish Amicable

[illegible]

Scottish Equitable Life Assce. Soc.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance Society

[illegible]

Scottish Mutual Investments

[illegible]

Scottish Provident Institution

[illegible]

Scottish Widows' Group

[illegible]

Shield Assurance Ltd

[illegible]

Skandia Life Assurance Co Ltd

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Group

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (UK) PLC

[illegible]

Swiss Pioneer Life Plc

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Templeton Life Assurance Limited

[illegible]

Tunbridge Wells Equitable

[illegible]

Wesleyan Assurance Society

[illegible]

Windsor Life Assur Co Ltd

[illegible]

Woolwich Life Assurance Co Ltd

[illegible]

Zurich Life Assurance Co Ltd

[illegible]

## OFFSHORE INSURANCES

Albany International Assurance Ltd

[illegible]

CMI Insurance Co Ltd

[illegible]

Eagle Star Intl Financial Services

[illegible]

Equitable Life (International)

[illegible]

Equity & Law Intl Life Assce Co Ltd

[illegible]

Eurolife Assurance Group

[illegible]

Finsexco International Ltd

[illegible]

Hansard International Ltd

[illegible]

Isle of Man Assurance Ltd

[illegible]

NEL Britannia International Ltd

[illegible]

PanEuroLife société anonyme

[illegible]

Premium Life International Ltd

[illegible]

Providence Capital International Ltd

[illegible]

Royal Life Intl. Ltd

[illegible]

Royal Skandia Life Assurance Ltd

[illegible]

Sun Alliance International Life

[illegible]

Target International Group

[illegible]

## MANAGEMENT SERVICES

C F S Financial Mngmt

[illegible]

Capital Trust Financial Management

[illegible]

Chase de Vere PLC

[illegible]

ECU Futures Plc

[illegible]

Edinburgh Money Management Ltd

[illegible]

Fairmount Financial Services Ltd

[illegible]

Hardwinster Financial Services(Pty) Ltd

[illegible]

IPS Capital Management PLC

[illegible]

Independent Financial Group PLC

[illegible]

Johnson Fry Asset Managers Plc

[illegible]

Knight Williams & Company Ltd

[illegible]

Macarthur & Dowie Invest Mngt Plc

[illegible]

Northam Blogs & Partners

[illegible]

Smith Fund Management Ltd

[illegible]

South Yorks Financial Planning

[illegible]

Charles Stanley & Co Ltd

[illegible]

Tattersall Investment Mngt. Ltd

[illegible]

Towry Law & Co

[illegible]

J. D. Ward Financial Services Ltd

[illegible]

# OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

[illegible]

Orion Fund Limited

[illegible]

## CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

[illegible]

## GUERNSEY (SIB RECOGNISED)

Adams & Neville Fd Mngmt (Guernsey) Ltd

[illegible]

Barings International Fund Managers Ltd

[illegible]

Guinness Flight Fd Mngrs (Guernsey) Ltd

[illegible]

Henderson Baring Fund Managers Ltd

[illegible]

Lazard Fund Mngrs (Channel Islands) Ltd

[illegible]

Lion World Fixed Income Fund

[illegible]

Lloyds Intl Money Market Fund Ltd

[illegible]

M & G (Guernsey) Ltd

[illegible]

Prolific International Mngmt Ltd

[illegible]

Rothschild Asset Management (CI) Ltd

[illegible]

Royal Bank of Canada Funds

[illegible]

Sarasin Funds Mngmt (Guernsey) Ltd

[illegible]

## GUERNSEY (REGULATED)

Adams & Neville Fund Mngt (Guernsey) Ltd

[illegible]

Arab Bank Fund Managers (Guernsey) Ltd

[illegible]

Kleinwort Benson Intl Fund Mngrs

[illegible]

Lazard Fund Managers (CI) Ltd

[illegible]

Merrill Lynch Guernsey

[illegible]

Schroder Investment Mngmt (Guernsey) Ltd

[illegible]

U.S. Treasury Securities Fund Ltd

[illegible]

## IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd

[illegible]

## IRELAND (REGULATED)

Bank of Ireland Unit Managers Ltd

[illegible]

# FT MANAGED FUNDS SERVICE

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| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Baring International Fd Mngrs (Ireland) Ltd** | | | | |
| Australia | $16.06 | 16.87 | -0.03 | 1.05 |
| Japan Tech | $56.65 | 59.49 | -0.48 | - |
| Japan Fund | $24.23 | 25.45 | -0.14 | 0.17 |
| Japan New Gwth Fd | $18.03 | 18.94 | -0.16 | - |
| Malay Sing | $54.00 | 56.70 | -0.12 | 0.31 |
| Nth American | $22.02 | 23.13 | +0.01 | 0.58 |
| Octopus Fund | $21.61 | 22.70 | -0.19 | 0.88 |
| Pacific Fd | $60.75 | 63.79 | -0.53 | - |
| International Bond | $17.22 | 18.09 | +0.05 | 6.89 |
| Europa Fund | $13.07 | 13.73 | +0.04 | - |
| British Screen Fd | £0.86 | 0.91 | +0.01 | - |
| Trinzer Warrant | $10.91 | 11.46 | -0.20 | - |
| Hong Kong | $50.86 | 53.41 | -0.93 | 3.09 |
| Magd Portfolio (Stlg) | £3.95 | 4.26 | -0.02 | - |
| Magd Portfolio (Dlr) | $10.15 | 10.70 | -0.01 | - |
| Currency Fd-Sterling | | £19.76 | | - |
| Currency Fd-US Dollar | - | $15.49 | | - |
| Curr Fd-Deutschemark | | DM40.99 | | - |
| Curr Fd-Managed S | $46.08 | 48.38 | +0.06 | - |
| **Federated International Funds Plc** | | | | |
| Federated Short-term US Gov't Securities Fund | | | | |
| Institutional Ser Series* | | $1.00 | | 4.53 |
| Investment Series* | | $1.00 | | 4.43 |

* Annualised Yield

## ISLE OF MAN (SIB RECOGNISED)

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Allied Dunbar Intl Fund Mgrs (1600)F** | | | | | | |
| Lord Street, Douglas, IoM 0624 661551 | | | | | | |
| ADI Managed(2) | 5 | [illegible] | 0.5683 | 0.6052 | [illegible] | 1.35 |
| ADI Mgd Currency(2) | 5 | [illegible] | 0.4086 | 0.4307 | [illegible] | 5.32 |
| ADI W'wide Eq(2) | 5 | [illegible] | 0.6424 | 0.6841 | [illegible] | 1.15 |
| ADI Nth Amer Gth(2) | 5 | [illegible] | 0.7818 | 0.8326 | [illegible] | 0.01 |
| ADI Far East (z) | 5 | $1.07 | 1.07 | 1.139 | -0.01 | 1.17 |
| ADI Gilt & Income(2) | 5 | [illegible] | 0.2552 | 0.269 | [illegible] | 8.48 |
| ADI UK Cap Gth (2) | 5 | [illegible] | 0.2184 | 0.2304 | [illegible] | 2.52 |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **TSB Trust Funds—Contd.** | | | | | | |
| UK Equity | 5 | 138.85 | 138.85 | 150.26 | +1.47 | 0.92 |
| International Equity | 5 | 110.30 | 110.30 | 117.35 | -0.81 | 0.00 |
| Far Eastern | 5 | 84.92 | 84.92 | 91.30 | -1.31 | 0.00 |
| European | 5 | 77.93 | 77.93 | 82.67 | -0.35 | 0.00 |
| Pan American | 5 | 147.80 | 147.80 | 156.63 | -0.78 | 0.00 |
| TSB Gilt Fund Ltd | | | | | | |
| Quarterly Share | 3 | 97.85 | 97.85 | 101.11 | -0.34 | 10.19 |
| Monthly Share | 3 | 95.71 | 95.71 | 98.88 | -0.34 | 10.42 |

## JERSEY (REGULATED)(**)

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Barclays Intl Funds** | | | | |
| Currency Funds | | | | |
| Sterling | | £21.50 | | 4.5 |
| US Dollar | | $31.54 | | 3.6 |
| Deutschemark | | DM55.63 | +0.01 | 7.9 |
| Yen | | Y4,064 | | 5.0 |
| Managed Multicurrency | £13.08 | 13.55 | -0.01 | - |
| Managed Multicurrency | $25.32 | 26.21 | | - |
| Bond Funds | | | | |
| Sterling Bond | £0.408 | 0.423 | | 10.6 |
| US Government Income | $99.47 | 103.00 | +0.02 | 6.7 |
| Asian Selection Funds | | | | |
| Hong Kong | $12.894 | 13.573 | -0.256 | 3.0 |
| Indonesia | $7.655 | 8.058 | +0.005 | 2.5 |
| Korea | $9.636 | 10.143 | +0.033 | 2.5 |
| Malaysia | $9.581 | 10.085 | +0.011 | 0.5 |
| Philippines | $10.811 | 11.380 | +0.134 | 2.5 |
| Singapore | $11.998 | 11.998 | -0.044 | 1.0 |
| Thailand | $12.064 | 12.699 | | 2.5 |
| South East Asia | $18.958 | 11.535 | -0.120 | 3.0 |
| US Dollar Liquidity | $9.561 | 10.060 | +0.001 | 3.4 |
| **Cater Allen Investment Management (CI)** | | | | |
| CA Gilt Income | £6.47 | 6.76 | | 17.75 |
| CA Gilt & Futures | £1.025 | 1.077 | | 7.43 |
| CA Equity Gwth | £3.93 | 4.29 | -0.07 | 3.50 |

[illegible]

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Wardley Investment Services Ltd** | | | | |
| Wardley S.E. Asia Tst | $12.96 | 13.68 | +0.06 | 0.88 |
| Japanese Warrants | $5.58 | 5.92 | -0.06 | - |
| Asian Warrants | $10.69 | 11.32 | -0.05 | - |
| European Warrants | $4.07 | 4.32 | +0.06 | - |
| Managed | HK$10.22 | 10.83 | +0.02 | - |
| Private Capital Tst | | $19.70 | -0.06 | - |
| **Wellington Fd Mngrs (Bermuda) Ltd** | | | | |
| Intnl Growth Fd | $12.97 | 13.62 | +0.14 | - |
| **Wells Fargo U.S. IT Fund** | | | | |
| Wells Fargo A Shs (z) | | $11.34 | +0.03 | - |
| Wells Fargo B Shs (z) | | $12.61 | +0.01 | - |
| **Xiphias International Investment Fd Ltd** | | | | |
| Xiphias Int USD | | $1.0616 | | - |
| Xiphias Int ECU | | Ecu1.0426 | | - |

### MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ## Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.
(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission; Ireland Central Bank of Ireland; Isle of Man Financial Supervision Commission; Jersey Commercial Relations Department; Luxembourg Institut Monétaire Luxembourgeois.

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Soviet rumour aids dollar

THE dollar held centre ground in the markets yesterday as conflicting Soviet rumours and fears that the German Bundesbank would raise rates next week buffeted the currency.

Driving sentiment were fears that Mr Mikhail Gorbachev, the Soviet president, might resign – a move that would be certain to attract funds into dollars in a repeat of currency flows during the failed Soviet coup last August.

The dollar traded in Europe in a wide range before closing slightly higher at DM1.5765, after a previous DM1.5740.

The D-Mark was weaker against the US unit, on the grounds that any upheaval in the Soviet Union is quick to affect Germany for clear geographical reasons.

The D-Mark also weakened in Europe, and lost three-quarters of a pfennig to sterling.

The pound closed in London at DM2.8500, after a previous DM2.8425. But no rumours, however, were strong enough to lift sterling from its position at the bottom of the currency grid within the European exchange rate mechanism.

Trading of European currencies was subdued as market participants waited for the outcome of the Maastricht summit on monetary, economic and political union. After the final signatures on the treaty are written today, it will become clearer whether the UK will be isolated as the only full ERM partner which has not committed itself to lock exchange rates by 1999.

Uncertainty still present in the markets meant sterling made little headway against the weaker D-Mark.

But traders reported that should UK be granted an opt-out on the road to European economic and monetary union (Emu), this would have little or no effect on the pound. When the summit is over, traders expect the D-Mark to benefit from the drive to Emu and possible rate rises at the Bundesbank fortnightly council meeting next week.

Sterling could again come under pressure if the summit fails completely. Mr John Major, the prime minister, would run into opposition from the various factions in the Conservative party.

During the day, some worse-than-expected core inflation news from the UK government failed to deflect attention from Maastricht and Soviet rumours.

According to the Central Statistical Office, the price of manufactured products at the factory gate rose by 0.4 per cent between October and November and was 5.1 per cent higher last month than in November 1990. In October, the year-on-year price increase was 5.2 per cent.

The next major test for sterling is likely to come on Friday with the publication of the retail prices index for November. Yesterday's downbeat news on producer prices has increased expectations that the annual rate of retail price inflation last month will show an upward movement from October's 3.7 per cent level.

### £ IN NEW YORK

| Dec 10 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.8090-1.8100 | 1.8105-1.8115 |
| 1 month | 0.93-0.91pm | 0.93-0.92pm |
| 3 months | 2.71-2.68pm | 2.67-2.65pm |
| 12 months | 10.05-9.95pm | 9.80-9.70pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Dec.10 | Previous |
|---|---|---|
| 8.30 am | 90.7 | 90.7 |
| 9.00 am | 90.7 | 90.7 |
| 10.00 am | 90.8 | 90.7 |
| 11.00 am | 90.7 | 90.7 |
| Noon | [illegible] | 90.7 |
| 1.00 pm | [illegible] | 90.7 |
| 2.00 pm | [illegible] | 90.6 |
| 3.00 pm | [illegible] | 90.7 |
| 4.00 pm | [illegible] | 90.7 |

### CURRENCY MOVEMENTS

[illegible]

### CURRENCY RATES

[illegible]

### OTHER CURRENCIES

[illegible]

*Official rate. Floating rate £-2568.0 $-1420.0

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Dec 10 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 130.342 | -2.46 | 5.14 | 42 |
| Belgian Franc | 42.4032 | 41.9603 | -1.04 | 3.63 | 42 |
| Dutch Guilder | 2.31643 | 2.29376 | -0.98 | 3.56 | 40 |
| D-Mark | 2.05586 | 2.03587 | -0.97 | 3.55 | 51 |
| Irish Punt | 0.767417 | 0.764450 | -0.39 | 2.95 | 10 |
| Italian Lira | 1538.24 | 1539.98 | 0.11 | 2.43 | -14 |
| French Franc | 6.89509 | 6.95669 | 0.89 | 1.64 | -58 |
| Danish Krone | 7.84195 | 7.92071 | 1.00 | 1.53 | -54 |
| Sterling | 0.696904 | 0.714657 | 2.55 | 0.00 | -50 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

| Dec 10 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.7995 - 1.8165 | 1.8075 - 1.8085 | 0.92-0.90cpm | 6.04 | 2.71-2.68pm | 5.96 |
| Canada | 2.0480 - 2.0640 | 2.0525 - 2.0535 | 0.64-0.55cpm | 3.48 | 1.84-1.69pm | 3.44 |
| Netherlands | 3.1960 - 3.2185 | 3.2050 - 3.2150 | ¼-⅛cpm | 0.70 | ¾-½pm | 0.78 |
| Belgium | 58.35 - 58.90 | 58.80 - 58.90 | 7-2cpm | 0.92 | 18-12pm | 1.02 |
| Denmark | 11.0385 - 11.1160 | 11.0925 - 11.1075 | 1¼-¾orepm | 1.08 | 3-2¼pm | 0.92 |
| Ireland | 1.0685 - 1.0705 | 1.0695 - 1.0705 | 0.01-0.05pdis | -0.34 | 0.02pm-0.08dis | -0.11 |
| Germany | 2.8375 - 2.8550 | 2.8475 - 2.8525 | ⅜-¼pfpm | 1.05 | ¾-⅝pm | 0.96 |
| Portugal | 251.50 - 253.20 | 251.50 - 252.50 | 35-73cdis | -2.57 | 79-154dis | -1.85 |
| Spain | 181.75 - 182.90 | 182.00 - 182.30 | 29-36cdis | -2.14 | 87-98dis | -2.03 |
| Italy | 2147.60 - 2162.55 | 2156.50 - 2157.50 | 3-5liredis | -2.23 | 9-11dis | -1.85 |
| Norway | 11.1865 - 11.2585 | 11.2450 - 11.2550 | ⅛-⅞oredis | -0.47 | ⅛-1dis | -0.22 |
| France | 9.7010 - 9.7600 | 9.7350 - 9.7450 | ½-¼cpm | 0.46 | 1⅛-⅜dis | -0.39 |
| Sweden | 10.4015 - 10.4665 | 10.4350 - 10.4450 | ⅛-⅞oredis | -0.50 | ⅛-1⅛dis | -0.26 |
| Japan | 231.90 - 233.00 | 232.00 - 233.00 | 1-⅞ypm | 4.52 | 2⅝-2½pm | 4.41 |
| Austria | 19.96 - 20.11 | 20.05 - 20.08 | 2¼-1⅛gropm | 1.01 | 6½-3½pm | 1.00 |
| Switzerland | 2.5045 - 2.5275 | 2.5175 - 2.5275 | ⅝-½cpm | 2.68 | 1⅝-⅝pm | 1.59 |
| Ecu | 1.3965 - 1.4060 | 1.4005 - 1.4015 | 0.01pm-0.04cdis | -0.13 | par-0.06dis | -0.09 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.35-5.30cpm. 12 Month 10.06-9.96cpm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Dec 10 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7995 - 1.8165 | 1.8075 - 1.8085 | 0.92-0.90cpm | 6.04 | 2.71-2.68pm | 5.96 |
| Ireland† | 1.6810 - 1.7025 | 1.6915 - 1.6925 | 0.83-0.78cpm | 5.71 | 2.52-2.42pm | 5.84 |
| Canada | 1.1345 - 1.1370 | 1.1355 - 1.1365 | 0.23-0.26cdis | -2.59 | 0.70-0.76dis | -2.57 |
| Netherlands | 1.7605 - 1.7865 | 1.7755 - 1.7765 | 0.77-0.81cdis | -5.34 | 2.28-2.32dis | -5.18 |
| Belgium | 32.20 - 32.70 | 32.50 - 32.60 | 12.00-15.00cdis | -4.98 | 39.00-43.00dis | -5.04 |
| Denmark | 6.0810 - 6.1610 | 6.1350 - 6.1400 | 2.30-2.70oredis | -4.89 | 7.40-8.10dis | -5.05 |
| Germany | 1.5615 - 1.5860 | 1.5760 - 1.5770 | 0.65-0.66pfdis | -4.99 | 1.97-1.99dis | -5.02 |
| Portugal | 139.50 - 140.00 | 139.85 - 139.95 | 88-95cdis | -7.85 | 255-270dis | -7.51 |
| Spain | 100.10 - 101.30 | 100.95 - 101.05 | 67-71cdis | -8.20 | 199-205dis | -8.00 |
| Italy | 1182.00 - 1199.00 | 1192.75 - 1193.25 | 7.70-8.20liredis | -8.00 | 22.30-23.30dis | -7.64 |
| Norway | 6.1600 - 6.2480 | 6.2200 - 6.2250 | 3.00-3.50oredis | -6.27 | 9.20-9.90dis | -6.14 |
| France | 5.3385 - 5.4200 | 5.3850 - 5.3900 | 2.46-2.51cdis | -5.54 | 7.38-7.48dis | -5.52 |
| Sweden | 5.7265 - 5.8095 | 5.7725 - 5.7775 | 5.70-5.90oredis | -12.05 | 14.15-14.45dis | -9.90 |
| Japan | 128.05 - 128.90 | 128.60 - 128.70 | 0.16-0.17ydis | -1.54 | 0.50-0.51dis | -1.57 |
| Austria | 11.0050 - 11.1200 | 11.1100 - 11.1150 | 4.30-4.75dis | -4.89 | 13.20-14.50dis | -4.99 |
| Switzerland | 1.3795 - 1.4030 | 1.3940 - 1.3950 | 0.39-0.42cdis | -3.49 | 1.22-1.26dis | -3.56 |
| Ecu | 1.2825 - 1.3000 | 1.2865 - 1.2875 | 0.68-0.65cdis | -6.20 | 1.98-1.91pm | 6.05 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Dec 10 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar | [illegible] | 4⅝ - 4½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dutch Guilder | 9½ - 8½ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] | [illegible] | [illegible] | 8 - 7¾ | 8 - 7¾ |
| D-Mark | 9 - 8¾ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| French Franc | 10¼ - 10 | 10¼ - 10 | 10¼ - 10 | [illegible] | 10 - 9¾ | [illegible] |
| Italian Lira | 12 - 10 | 12¼ - 11¼ | 13 - 12½ | 12½ - 12 | 12¼ - 12 | [illegible] |
| Belgian Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $Sing. | [illegible] | 2⅝ - 2½ | [illegible] | 3 - 2¾ | [illegible] | [illegible] |

Long term Eurodollars: two years 5⅛-5 per cent; three years 5⅞-5¾ per cent; four years 6⅛-6 per cent; five years 6¼-6⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Dec.10 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.808 | 2.850 | 232.5 | 9.740 | 2.523 | 3.210 | 2157 | 2.053 | 58.85 | 1.401 |
| $ | 0.553 | 1 | 1.576 | 128.6 | 5.387 | 1.395 | 1.775 | 1193 | 1.136 | 32.55 | 0.775 |
| DM | 0.351 | 0.634 | 1 | 81.58 | 3.418 | 0.885 | 1.126 | 756.8 | 0.720 | 20.65 | 0.492 |
| YEN | 4.301 | 7.776 | 12.26 | 1000. | 41.89 | 10.85 | 13.81 | 9277 | 8.830 | 253.1 | 6.026 |
| F Fr. | 1.027 | 1.856 | 2.926 | 238.7 | 10. | 2.590 | 3.296 | 2215 | 2.108 | 60.42 | 1.438 |
| S Fr. | 0.396 | 0.717 | 1.130 | 92.15 | 3.860 | 1 | 1.272 | 854.9 | 0.814 | 23.33 | 0.555 |
| N Fl. | 0.312 | 0.563 | 0.888 | 72.43 | 3.034 | 0.786 | 1 | 672.0 | 0.640 | 18.33 | 0.436 |
| Lira | 0.464 | 0.838 | 1.321 | 107.8 | 4.516 | 1.170 | 1.488 | 1000. | 0.952 | 27.28 | 0.650 |
| C $ | 0.487 | 0.881 | 1.388 | 113.2 | 4.744 | 1.229 | 1.564 | 1051 | 1 | 28.67 | 0.682 |
| B Fr. | 1.699 | 3.072 | 4.843 | 395.1 | 16.55 | 4.287 | 5.455 | 3665 | 3.489 | 100. | 2.381 |
| Ecu | 0.714 | 1.291 | 2.034 | 166.0 | 6.952 | 1.801 | 2.291 | 1540 | 1.465 | 42.01 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

ECU BOND (MATIF)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| December | 105.90 | 105.90 | +0.12 | 106.00 | 105.78 | 9.10 | 2,844 |
| March | 106.08 | 106.04 | +0.14 | 106.12 | 105.90 | 9.08 | 1,368 |

Estimated volume 2,563 Total Open Interest 4,212

OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls March | Calls June | Calls September | Puts March | Puts June | Puts September |
|---|---|---|---|---|---|---|
| 106 | 0.96 | - | - | 0.94 | - | - |
| 107 | 0.54 | - | - | 1.54 | - | - |
| 108 | 0.27 | - | - | - | - | - |
| 109 | 0.14 | - | - | - | - | - |
| Open Int. | 134,284 | 11,294 | 50 | 86,132 | 11,035 | 100 |

Estimated volume 18,856 Total Open Interest 242,895

* Contracts traded on APT. Closing prices shown.

### POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.8080 | 1.7989 | 1.7811 | 1.7548 | 1.7079 |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | McDonnell Douglas Bnk. | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Dunbar Bank PLC | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | First National Bank Plc. | 14 | Roxburghe Bank Ltd. | 11.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co. | 10.5 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Ptnrs. | 11 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Hampshire Trust Plc | 13.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | Heritable & Gen Inv Bnk. | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | ● Hill Samuel | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | C. Hoare & Co. | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Hongkong & Shanghai | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | Julian Hodge Bank | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | | |
| Co-operative Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Coutts & Co | 10.5 | Meghraj Bank Ltd | 10.5 | | |

● Members of British Merchant Banking & Securities Houses Association.

## MONEY MARKETS

# Maastricht calm

The Maastricht summit's negotiations on economic and political union dominated a quiet but wary day on the European money markets yesterday.

There was little attention paid to the Bundesbank's tender for 28-day securities repurchase funds at variable bid rates. Had this happened on Tuesday next week, it would have been a signal that the central bank was minded to raise rates at its council meeting.

In the UK, the closely-watched three-month interbank rate moved up to the higher end of the 10 [illegible] range, from a previous 10 [illegible], as traders imagined the Bank of England having to shore up the pound should the UK appear reluctant to commit to currency union at the close of the summit today. The news that Mr John Major was willing to accept an opt-out clause for the UK alone could have more repercussions today.

Sterling trading was cautious ahead of the EC communiqué, which is expected to give some guidance on the future role of the UK in the run-up to a single currency in 1999.

Core inflation news also gave the markets grounds for caution and little hope for an early cut in interest rates. The year-on-year rate of rise in output prices was 5.1 per cent in November, after 5.2 per cent in October and 5.6 per cent in September. As Friday's inflation figures are expected to show a tick upwards for technical factors, the inflation figures this week are likely to be the worst-looking set for some months.

The Bank alleviated around £880m of a sizeable £1bn shortage in the market, offering assistance throughout the day. Early assistance started when it bought £377m bills at 10[illegible] per cent, which it is to sell back to the market on December 30. There was also round of late assistance.

In Strasbourg, Mr Gerald Corrigan, President of the New York Federal Reserve Bank said that high global demand for scarce savings was likely to keep interest rates relatively high for the foreseeable future. But the federal funds rate traded at 4[illegible] per cent, slightly below the new 4½ per cent target. This showed the Fed added enough reserves through the three-day system of repurchase agreements. A rate cut hint came from Mr George Bush, the US president, who said he was dissatisfied with the US economy.

**UK clearing bank base lending rate 10.5 per cent from September 4, 1991**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Dec.10) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 4[illegible] | offer 4[illegible] | bid 4⅜ | offer 4½ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK

| Lunchtime | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 7½ | One month | 4.01 | Three year | 5.39 |
| Broker loan rate | 6¾ | Two month | 4.55 | Four year | 5.51 |
| Fed.funds | 4⅜ | Three month | 4.23 | Five year | 6.18 |
| Fed.funds at intervention | - | Six month | 4.28 | Seven year | 6.67 |
| | | One year | 4.37 | 10-year | 7.16 |
| | | Two year | 4.99 | 30-year | 7.78 |

| Dec.10 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 9.05-9.15 | 9.30-9.50 | 9.30-9.50 | 9.30-9.50 | 9.30-9.50 | 9.25 |
| Paris | [illegible] | 10-10¼ | [illegible] | [illegible] | 9¾-10 | 9.25 |
| Zurich | [illegible] | 8¼-8¾ | - | 8-8¼ | - | - |
| Amsterdam | 9.35-9.50 | 9.53-9.63 | - | 9.50-9.60 | - | - |
| Tokyo | [illegible] | [illegible] | - | [illegible] | - | - |
| Milan | [illegible] | [illegible] | - | [illegible] | - | - |
| Brussels | 9.19-9.31 | [illegible] | - | [illegible] | - | - |
| Dublin | 9¾-10 | [illegible] | [illegible] | [illegible] | 10⅛-10½ | - |

### LONDON MONEY RATES

| Dec 10 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 11 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Interbank Bid | 10½ | 10½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Deps. | 10½ | 10½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 10½ | [illegible] | - | - | - | - |
| Company Deposits | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Finance House Deposits | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills (Buy) | - | - | [illegible] | [illegible] | [illegible] | - |
| Bank Bills (Buy) | - | - | [illegible] | [illegible] | [illegible] | - |
| Fine Trade Bills (Buy) | - | - | - | - | - | - |
| Dollar CDs | - | - | 4.85 | 4.50 | 4.40 | 4.50 |
| SDR Linked Dep. Offer | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| SDR Linked Dep. Bid | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Offer | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Bid | - | - | [illegible] | [illegible] | [illegible] | [illegible] |

Treasury Bills (sell); one-month 10[illegible] per cent; three months 10[illegible] per cent; six months 9¾ per cent; Bank Bills (sell): one-month 10[illegible] per cent; three months 10[illegible] per cent; Treasury Bills; Average tender rate of discount 10.0850 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme I: 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991, Deposits withdrawn for cash 5 per cent.



# MONEY MARKET FUNDS

## Money Market Trust Funds

[illegible]

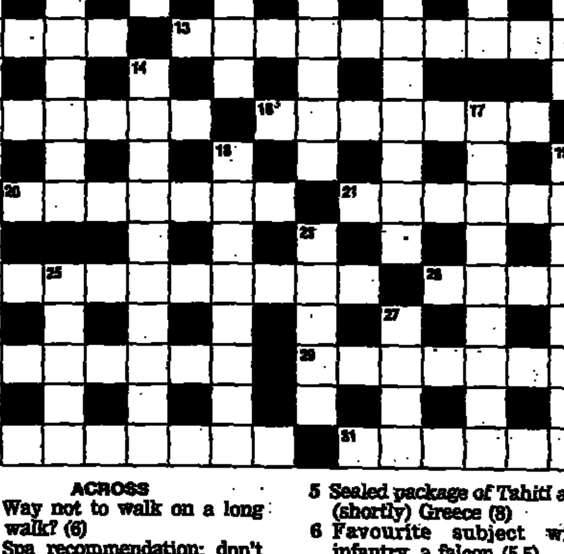
## Money Market Bank Accounts

[illegible]

JOTTER PAD

# CROSSWORD

No.7,721 Set by CINEPHILE



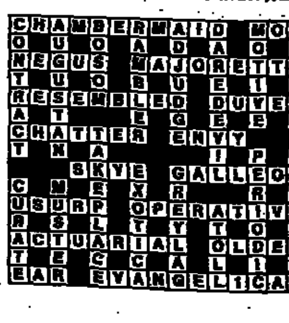
ACROSS

1 Way not to walk on a long walk? (6)
4 Spa recommendation: don't let baby through! (4,4)
10 Award not left to fighting zoologist (7)
11 Singer ceremonially clad? (7)
12, 3, 26 Don't accept single-storey accommodation? (4,4,4)
13 It may feel right briefly to form genealogy (6,4)
15, 16 Traditional British policy has a bad name: before time, let in money (6,7)
20 Enclosed about like a countryman (7)
21 Fossilise? Partly, and follow your leaders (6)
24 Plot by voters against infringement of copyright (10)
26 See 10
28 Manipulation of sails etc? (7)
29 Came in a storm looking pale (7)
30 Rightfully ranked? (8)
31 Forty days with one left to take pulse? (6)

DOWN

1 Former battle about the break (8)
2 London borough makes heart or diamond game (9)
3, 13 County entertainment in recession (8)
5 Sealed package of Tahiti and (shortly) Greece (8)
6 Favourite subject with infantry, a falcon (5,5)
7 The Queen of Los Angeles could be beaming (5)
8, 9 Food for poor beggar in red (11)
14 Tree on river in stone from which violence may start (5,5)
17 Seabird's responsibility having eaten endless fruit (9)
18 Plot to make curious (8)
19 Compiler's cat is potentially learner of the occult (8)
22 Unusual wound to the church (6)
23 A bit of a fight? (5)
25, 27 Unpleasant experience, arming the revolution (9)

Solution to Puzzle No.7,720



# WORLD STOCK MARKETS

## CANADA

TORONTO

3:00 pm prices December 10

## INDICES

### NEW YORK

| DOW JONES | Dec 9 | Dec 6 | Dec 5 | Dec 4 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2871.65 | 2886.40 | 2889.09 | 2911.67 | 3077.15 (18/10) | 2470.30 (9/1) | 3077.15 (18/10/91) | 41.22 (2/7/32) |
| Home Bonds | 97.82 | 97.85 | 97.72 | 97.63 | 97.92 (12/11) | 91.30 (16/1) | 97.92 (12/11/91) | 54.99 (1/10/81) |
| Transport | 1184.42 | 1198.62 | 1203.85 | 1219.36 | 1287.56 (18/10) | 894.30 (7/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 220.77 | 221.14 | 218.77 | 219.70 | 221.64 (2/12) | 195.17 (10/7) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 2913.46 (2924.87) Low 2856.22 (2854.65)

| STANDARD AND POOR'S | Dec 9 | Dec 6 | Dec 5 | Dec 4 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 378.26 | 379.10 | 377.39 | 380.07 | 397.41 (13/11) | 311.49 (9/1) | 397.41 (13/11/91) | 4.40 (1/6/32) |
| Industrials | 445.36 | 446.75 | 444.90 | 447.83 | 472.01 (29/8) | 364.90 (9/1) | 472.01 (29/8/91) | 3.62 (21/6/32) |
| Financial | 30.15 | 30.02 | 29.90 | 30.30 | 32.54 (13/11) | 21.96 (9/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 209.21 | 209.74 | 208.96 | 210.13 | 219.37 (13/11) | 170.97 (9/1) | 219.37 (13/11/91) | 4.46 (25/4/42) |
| Amex Mkt. Value | 370.59 | 372.63 | 371.80 | 372.32 | 392.37 (12/11) | 296.72 (14/1) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 535.35 | 536.50 | 534.03 | 535.28 | 556.17 (13/11) | 355.75 (14/1) | 556.17 (13/11/91) | 54.87 (31/10/72) |

| | Dec 5 | Nov 29 | Nov 22 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.17 | 3.15 | 3.15 | 3.98 |

| | Dec 4 | Nov 27 | Nov 20 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.80 | 2.82 | 2.80 | 3.42 |
| S & P Indl. P/E ratio | 22.98 | 22.78 | 22.79 | 15.37 |

### NEW YORK ACTIVE STOCKS

| Monday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| RJR Nabisco | 3,884,500 | 10¼ | - ⅛ |
| IBM | 3,873,100 | 85 | - 4 |
| Gen Motors | 2,538,800 | 27⅜ | - 1⅜ |
| Br Tel Dep | 2,402,400 | 22⅛ | --- |
| Glaxo | 2,024,500 | 29¼ | + ⅛ |
| Gen Electric | 1,708,200 | 64⅞ | + 1 |
| Philip Morris | 1,645,900 | 68⅝ | + ¼ |
| Citicorp | 1,629,900 | 10⅛ | - ¼ |
| Wal-Mart | 1,567,700 | 51½ | - ⅛ |
| Limited Inc | 1,496,800 | 27¼ | + 1 |

### TRADING ACTIVITY

| † Volume Millions | Dec 9 | Dec 6 | Dec 5 |
|---|---|---|---|
| New York SE | 174.700 | 198.170 | 166.501 |
| Amex | 13.523 | 16.826 | 21.702 |
| NASDAQ | 155.387 | 171.831 | 170.632 |
| NYSE | | | |
| Issues Traded | 2,163 | 2,164 | 2,175 |
| Rises | 696 | 853 | 604 |
| Falls | 946 | 769 | 1,030 |
| Unchanged | 521 | 542 | 541 |
| New Highs | 66 | 71 | 50 |
| New Lows | 77 | 72 | 62 |

### CANADA

| TORONTO | Dec 9 | Dec 6 | Dec 5 | Dec 4 | 1991 HIGH | 1991 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2750.17 | 2796.48 | 2781.30 | 2805.31 | 3299.99 (18/7) | 2632.06 (9/1) |
| Composite | 3382.89 | 3426.53 | 3426.63 | 3427.47 | 3604.09 (12/11) | 3161.95 (15/1) |
| MONTREAL Portfolio | 1790.44 | 1817.78 | 1815.84 | 1811.57 | 1907.35 (12/11) | 1686.89 (9/1) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

M.S. Capital Intl.(1/1/70) (S) 498.7* 501.7 502.3 500.6 529.2 (17/4)

*Saturday December 7: Taiwan Weighted Price: 4501.90; Korea Comp Ex. 619.88.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

### TOKYO - Most Active Stocks

Tuesday 10 December 1991

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Meiji Milk Prod | 9.4 | 987 | -73 |
| Okamoto | 5.8 | 1,050 | -50 |
| Toyo Ink | 5.5 | 803 | -40 |
| Osaka Gas | 4.4 | 603 | +10 |
| Nippon Steel | 4.2 | 370 | +2 |
| Yasuda Fire | 3.5 | 677 | +12 |
| Meiji Seika | 3.0 | 900 | -20 |
| Mitsubishi Elec | 2.7 | 583 | +3 |
| Chugoku Marine | 2.6 | 1,030 | -40 |
| Mitsubishi Heavy | 1.9 | 674 | +1 |

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

*3:00 pm prices December 10*

| 1991 High | 1991 Low | Stock | Div. | Yld. % | P/ E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 15⅞ | 9¼ | AAR Corp | 0.48 | 4.2 | 15 | 164 | 11⅞ | 11½ | 11½ | -¼ |
| 22⅞ | 14½ | A L Labs A | 0.16 | 0.7 | 24 | 390 | 22 | 21 | 22 | +⅞ |
| 65¼ | 40⅞ | AMP Inc | 1.44 | 2.7 | 21 | 628 | 53¼ | 52⅞ | 52⅞ | |
| 68⅝ | 44¼ | AMR | | | 11 | 2072 | 59¼ | 58⅝ | 59 | +¼ |
| 2⅝ | 1 | ARX | | | 1 | 6 | 1⅛ | d1 | 1 | |
| 58 | 41½ | ASA | 3.00 | 6.0 | 14 | 223 | 50⅝ | 50⅛ | 50⅛ | -⅜ |
| 61⅛ | 39¼ | Abbott Lab | 1.00 | 1.7 | 24 | 3382 | 60¼ | 59⅛ | 60 | -¼ |
| 14⅝ | 9⅞ | Abitibi Pr | 0.44 | 3.3 | 17 | 98 | 13⅜ | 13¼ | 13¼ | |
| 11⅝ | 10⅜ | ACM Gvt In x | 1.26 | 11.4 | | 243 | 11⅛ | 10⅞ | 11 | |
| 9¼ | 8¼ | ACM GvOpp x | 1.01 | 10.5 | | 162 | 9⅝ | 9½ | 9⅝ | +⅛ |
| 9½ | 8¼ | ACM Gvt Sp x | 1.01 | 11.1 | | 404 | 9¼ | 9⅛ | 9⅛ | |
| 11 | 9⅞ | ACM Gvt Se | 1.26 | 11.8 | | 197 | 10⅝ | 10½ | 10⅝ | |
| 9 | 7⅝ | ACM Man | 1.01 | 11.6 | | 306 | 8¾ | 8⅝ | 8¾ | |
| 12⅞ | 11½ | ACM Mangd x | 1.35 | 11.0 | | 167 | 12⅜ | 12¼ | 12¼ | |
| 7½ | 4¾ | Acme Cleve | 0.40 | 6.8 | 13 | 15 | 5⅞ | 5⅞ | 5⅞ | |
| 6 | 3⅛ | Acme Elect | | | 3 | 2 | 4⅛ | 4⅛ | 4⅛ | |
| 40 | 22¾ | Acuson | | | 16 | 4493 | 27¼ | 25½ | 25⅞ | -2⅛ |
| 20¼ | 14¼ | Adams Expr | 1.53 | 9.0 | 0 | 32 | 18 | 17⅞ | 18 | +⅛ |
| 20⅛ | 17½ | Adobe12Pf | 2.40 | 13.0 | | 35 | 18⅝ | 18⅜ | 18½ | +⅛ |
| 9¼ | 5½ | Adobe Res | | | 62 | 121 | 6¼ | 6⅛ | 6¼ | +⅛ |
| 38⅞ | 15 | Ad Micro | | | | 194 | 38 | 37½ | 37¾ | -⅜ |
| 15¼ | 4⅝ | Ad Micro P | 3.00 | 20.3 | 73 | 3256 | 14⅞ | 14⅝ | 14¾ | -⅛ |
| 5⅛ | 2¼ | Advest Grp | 0.16 | 3.8 | 6 | 91 | 4⅛ | 4¼ | 4¼ | -⅛ |
| 49⅛ | 31⅞ | Aetna Lf x | 2.76 | 7.1 | 7 | 696 | 38¾ | 38⅝ | 38⅝ | |
| 10⅝ | 6⅞ | Affil A x | 0.24 | 2.9 | 74 | 1124 | 8⅜ | 8⅛ | 8¼ | |
| 20⅞ | 12 | Ahmanson | 0.88 | 6.0 | 9 | 910 | 14⅞ | 14⅝ | 14¾ | +⅛ |
| 19⅜ | 2⅞ | Aileen Inc | | | 19 | 133 | u19⅜ | 19 | 19⅛ | -¼ |
| 74⅛ | 51⅛ | Air Pr Cm x | 1.56 | 2.2 | 15 | 831 | 70 | 69⅞ | 69¾ | +¼ |
| 30 | 16⅝ | Airbne Frt | 0.30 | 1.5 | 15 | 136 | 20⅝ | 20⅛ | 20½ | |
| 22½ | 12½ | Airgas Inc | | | 101 | 10 | 21¼ | 21⅛ | 21¼ | +⅛ |
| 15¼ | 10 | Airlease | 1.65 | 16.3 | 6 | 95 | 11½ | 11⅛ | 11⅜ | -⅜ |
| 100½ | 88¼ | AlaPw8 16 x | 8.16 | 8.2 | | 6 | 100 | 99¼ | 99¼ | |
| 25⅛ | 21⅜ | AlaPw PfA | 2.00 | 8.0 | | 11 | u25⅛ | 25⅛ | 25⅛ | |
| 107 | 100 | AlaPw9 44 x | 9.44 | 8.9 | | 2 | 103 | 103 | 106 | +3 |
| 108 | 102⅝ | Alab Pw 11 | | | | 2 | 104 | 104 | 104 | |
| 104 | 98 | Alab Pw 9P x | 9.00 | 8.8 | | 3 | 102¼ | 102¼ | 102¼ | +¼ |
| 101½ | 88 | Alab 8.28C x | 8.28 | 8.3 | | z100 | 100 | 99⅞ | 99¾ | -1¼ |
| 11 | 9⅜ | AlaPwDpPf x | 0.87 | 8.3 | | 4 | 10⅝ | 10½ | 10½ | -⅛ |
| 25⅞ | 17½ | Alaska Air x | 0.20 | 1.1 | 41 | 129 | 18¾ | 18⅝ | 18⅝ | -⅛ |
| 20 | 10 | Albany Int x | 0.35 | 2.4 | 51 | 196 | 14½ | 14½ | 14½ | |
| 34¼ | 20½ | AlCulvr B | 0.22 | 0.8 | 25 | 83 | 27¼ | 26½ | 27 | +¼ |
| 24⅞ | 16¼ | AlCulvr A | 0.22 | 1.0 | 19 | 288 | 22¼ | 22⅛ | 22⅛ | +⅛ |



Continued on next page

# NYSE COMPOSITE PRICES

Continued from previous page

## - X - Y - Z -

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 66 | 35¼ | Xerox x | 3.00 | 4.8 | 592074 | 63¼ | 62⅞ | 62⅝ | -¼ |
| 61¼ | 43¼ | Xerox4.125 x | | | 5 | 51 | 51 | 51 | |
| 25¼ | 14⅛ | Xtra 1.94 | | | 52 | 23⅜ | 23¼ | 23⅜ | -⅛ |
| 29¾ | 14¼ | Xtra Corp | 0.72 | 2.7 13 | 43 | 27¼ | 27 | 27 | -¼ |
| 27⅞ | 21¾ | Yankee Egy x | 1.60 | 6.2 13 | 38 | 25⅝ | 25½ | 25⅝ | +⅛ |
| 1½ | ⅛ | Zapata | | 48 | 623 | ⅝ | d½ | ½ | |
| 9⅝ | 5¼ | ZenithElec | | 2 | 240 | 7¼ | 7 | 7 | -¼ |
| 18½ | 12 | Zenith Nat x | 1.00 | 6.8 122 | 12 | 14¾ | 14¾ | 14¾ | |
| 6⅝ | 4½ | Zenix Inc | 0.84 | 13.4 | 37 | 6¼ | 6⅛ | 6¼ | +⅛ |
| 15⅛ | 10¼ | Zero Corp | 0.40 | 3.8 13 | 80 | 10⅝ | 10½ | 10½ | -⅛ |
| 41⅞ | 29½ | Zurn Ind x | 0.88 | 2.8 13 | 151 | 32⅛ | 31⅞ | 31⅞ | -¼ |
| 13½ | 10¾ | Zweig Fund | 1.16 | 9.1 | 218 | 12¾ | 12⅝ | 12¾ | |
| 10½ | 8½ | Zweig Tot x | 0.96 | 9.4 | 256 | 10¼ | 10⅛ | 10¼ | +⅛ |

*Price data supplied by Telekurs.*

Owing to problems at Telekurs, some North American prices are temporarily being marked as xd early.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

# AMEX COMPOSITE PRICES

*3:00 pm prices December 10*

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| OMI Corp | 0.14 | 8 | 52 | 7¾ | 7⅝ | 7¾ | -⅛ |
| Pall Corp | 0.44 | 24 | 1071 | 33⅞ | 33¼ | 33⅞ | +½ |
| Pegasus G | | 8 | 642 | 12⅞ | 12⅝ | 12⅝ | -⅛ |
| Penril | | 6 | 13 | 9⅝ | 9⅝ | 9⅝ | -⅛ |
| Pit HMP x | 0.31 | 7 | 44 | 10⅝ | 10½ | 10⅝ | |
| Phil LD x | 0.18 | 13 | 413 | 31½ | 31⅛ | 31⅛ | -⅛ |
| Pitway A x | 1.10 | 12 | 45 | 28½ | 28¼ | 28¼ | -¼ |



# NASDAQ NATIONAL MARKET

*3:00 pm prices December 10*

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Vitalink | | 16 | 33 | 10⅞ | 10¼ | 10¼ | |
| VLSI Tech | | 15 | 1187 | 7⅞ | 6⅞ | 7¼ | +¼ |
| Volvo B | 2.13 | 14 | 15 | 58⅝ | 57¼ | 58½ | |

## - W -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Werner En | 0.16 | 16 | 126 | 26 | 25½ | 25½ | -½ |
| Warrntech | | 56 | 273 | 2⅞ | 2¼ | 2¼ | |
| WashMutSB | 0.60 | 48 | 1562 | 27¾ | 27⅜ | 27⅜ | |
| WshEnergy | 1.40 | 13 | 322 | 21¼ | 20¾ | 21¼ | |
| WashFedSL | 1.12 | 72 | 69 | 36½ | 35¾ | 36¼ | -¼ |
| WattsIndA | 0.24 | 19 | 18 | 47 | 45½ | 47 | |
| Wausau PM | 0.60 | 20 | 104 | 80½ | 78¼ | 80½ | |
| WD-40 | 1.72 | 14 | 25 | 30¾ | 30 | 30 | -¾ |
| Wellek | | 12 | 645 | 5 | d4½ | 4⅞ | -⅛ |
| West One x | 0.96 | 8 | 685 | 30¼ | 29¾ | 29¾ | -¼ |
| WstnPubl | | 94 | 1101 | 12⅞ | 12¼ | 12¼ | -½ |
| Westmark | | 27 | 722 | 46¼ | 44¼ | 44⅞ | -1⅛ |
| WestnCoal | 0.32 | 26 | 128 | 18 | 17 | 17 | |
| Wst SealA | | 21 | 522 | 8¼ | 7¼ | 7½ | -¼ |
| Wetterau | 0.68 | 47 | 720 | 24¾ | 23⅞ | 24½ | +½ |
| Wicat Sys | | 76 | 2496 | 3⅛ | 3⅛ | 3⅛ | -⅛ |
| Willmette | 1.60 | 22 | 310 | 55¾ | 54½ | 54¾ | |
| WmsSonoma | | 25 | 457 | 15½ | 15 | 15¼ | -¼ |
| Wiser Oil | 0.40 | 22 | 9 | 15⅝ | 15⅛ | 15⅛ | -½ |
| Woodhd I x | 0.28 | 10 | 13 | 16½ | 15¾ | 15¾ | |
| Wolv Expl | | 0 | 886 | [illegible] | [illegible] | ⅝ | |
| WlvExWt3A | | | 111 | ⅛ | d[illegible] | [illegible] | |
| Worthgtn x | 0.44 | 26 | 321 | 20½ | 20¼ | 20½ | |
| WPP Group | 1.11 | 1 | 264 | 2⅛ | 1⅞ | 1⅞ | -⅛ |
| Wyman-Gdn | 0.40 | 9 | 144 | 3⅝ | 3½ | 3½ | |

## - X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 26 | 2760 | 27 | 25¼ | 25¾ | -¾ |
| XL Data | | 31 | 89 | 10½ | 10⅜ | 10⅜ | |
| Xoma Corp | | 11 | 2249 | 19½ | 19 | 19¼ | +¼ |
| Yellow Fr | 0.94 | 85 | 1184 | 26 | 25¼ | 25⅝ | |
| York Rsch | | 56 | 1424 | 7 | 6½ | 6¾ | |
| ZionsUtah | 1.44 | 8 | 1007 | 41 | 38¾ | 39 | -1 |

## AMERICA

# Economic and earnings outlook weighs on Dow

### Wall Street

ALTHOUGH THE market recovered from its early declines yesterday morning, concern about the outlook for the economy and corporate earnings continued to depress share prices, *writes Patrick Harverson in New York.*

At 2.30 pm the Dow Jones Industrial Average was down 11.41 at 2,860.24. The more broadly based Standard & Poor's 500 was also lower at midsession, down 0.48 at 377.78 at 1 pm, while the Nasdaq composite of over-the-counter stocks lost 2.31 to 533.04. Turnover on the NYSE was heavy at 115m shares by 1 pm, and declines outpaced rises by 897 to 602.

After opening slightly firmer, blue chips nosedived at mid-morning, sending the Dow to 2,850 by 11 am. The rally from that point, however, appeared to confirm the view among analysts that 2,850 may be the new short-term trading floor for the market.

The sharp decline in the Dow was not prompted by any particular news, although a forecast from the National Association of Purchasing Management's semi-annual survey of weak Christmas sales and modest 1992 economic growth did not help sentiment.

After enjoying early advances, IBM fell back to stand down $¼ at $84⅞ in the wake of Monday's big decline, which was sparked by a downbeat assessment of the company's 1992 prospects at a New York meeting of senior management and analysts. Other computer manufacturers were mixed, with Compaq up $⅞ at $23¾, Hewlett-Packard steady at $49¼, but Digital Equipment down $¾ at $55⅝ and Unisys down $⅛ at $4⅝.

Deere & Co plunged $5⅛ to $41¾ in volume of 1.2m shares after the country's largest agricultural equipment manufacturer reported a fourth quarter loss of $1.07 a share after taking a charge. In the same quarter a year ago, Deere made a profit of 98 cents a share.

Stanley Works rose $1⅝ to $37⅞ after Newell, a manufacturer of consumer and industrial products, filed with the Securities and Exchange Commission its intention of buying up to 15 per cent of the hardware product maker. Newell, which is an unwanted suitor, firmed $⅛ to $41 on the news.

B&H Ocean Carriers fell $⅝ to $7 on the news that it had shelved a plan to combine with B&H Maritime Carriers and B&H Bulk Carriers.

On the over-the-counter market, Borland International slumped $4½ to $74¼ amid profit-taking and judgments from analysts that the stock may have been overbought. Borland has risen sharply in the last two months in anticipation of good sales of a new line of products, but some observers believe that the stock is now fully valued and due for a short-term correction, despite the healthy earnings prospects.

Novell rose $1¼ to $54¼ on a near-50 per cent improvement in fourth quarter net income to 34 cents a share.

### Canada

TORONTO STOCKS slipped by midday after staying in a narrow range for most of the morning. Investors were reluctant to take positions before further US economic data.

The composite index fell 9.8 to 3,373.1. Declining issues led advances by 353 to 154 in volume of 15.5m shares valued at C$168m.

American Barrick continued to climb higher, despite weakness in gold futures and other gold shares, rising C$⅛ to C$30⅝, but slipped from a high for the day and the past 52 weeks of C$31⅛.

Among the most active issues, Fort Knox Gold slipped C$1.29 to C$1.45, Contrans class A eased 1 cent to 5 cents, Inco fell C$⅛ to C$32⅞, Nova eased C$⅛ to C$7 and Horsham Corp rose C$⅛ to C$10⅛.

# Colombia rallies as foreign interest grows

## Three emerging markets jumped more than 30% last month, writes Jacqueline Moore

A TRIO of emerging markets each rose by more than 30 per cent in dollar terms last month. These leaders were scattered in different continents: Colombia in America, Pakistan in Asia, and Turkey in Europe.

The best was Colombia, which gained 36 per cent in dollar terms, according to the International Finance Corporation (IFC), part of the World Bank. At an investors' seminar last week, Latin American Securities – a joint venture between Foreign & Colonial Management, of the UK, and Banco de Investimentos Garantia, the Brazilian investment bank – predicted that Colombia would be the region's best performer next year.

Mr Audley Twiston Davies, Latin American Securities' managing director, forecast that Colombia's index would double in dollar terms in 1992, compared with expected rises of 50 to 60 per cent in Argentina, 50 per cent in Brazil, 35 per cent in Mexico and 20 per cent in Venezuela.

Colombia is the smallest of the six Latin American markets covered by the IFC indices, with a capitalisation of about $2.4m, compared with $90.4m in Mexico, the largest. Daily turnover is about $300,000 ($157m in Mexico).

Latin American Securities said there were a number of positive factors in Colombia:

- the recent opening of the market to foreign investment;
- an expected fall in inflation from 27 per cent this year to 22 per cent next year;
- an export-driven but underdeveloped economy;
- a more diversified industrial base, with coffee – which used to be the main export – now accounting for less than 20 per cent of exports;
- and a decline in drug-related violence.

At the end of November, the first foreign fund, the Baring Puma Fund, was approved by the Colombian stock exchange authorities. Mr Terry Mahony, the fund's manager, agreed that Colombia could be the Latin American market of 1992, as Argentina had been for 1991. He said the Puma Fund's weighting in Colombia would be small at first, concentrating on consumer companies, such as food and beverage stocks, and some industrials.

Of November's other two main winners, Pakistan has risen to record highs, mostly on foreign buying; and Turkey has been boosted by optimism following the formation of a new coalition government.

**IFC EMERGING MARKETS PRICE INDICES**

| Market | No. of stocks | Dollar terms Nov 30 1991 | % Change over month | % Change on Dec '90 | Local currency terms Nov 30 1991 | % Change over month | % Change on Dec '90 |
|---|---|---|---|---|---|---|---|
| **Latin America** | | | | | | | |
| Argentina | (29) | 1,031.76 | −16.9 | +295.6 | 56,666,296 | −16.9 | +591.5 |
| Brazil | (67) | 72.36 | −21.1 | +73.6 | 18,607,249 | +2.5 | +805.8 |
| Chile | (35) | 1,543.07 | −6.4 | +90.2 | 4,389.56 | −4.3 | +108.0 |
| Colombia | (20) | 532.82 | +36.0 | +97.8 | 3,548.42 | +38.9 | +162.5 |
| Mexico | (56) | 1,423.36 | +0.5 | +96.5 | 22,673.87 | +0.8 | +105.3 |
| Venezuela | (16) | 606.57 | −1.4 | +20.5 | 4,397.04 | +1.2 | +46.7 |
| **East Asia** | | | | | | | |
| South Korea | (77) | 306.72 | −7.6 | −10.5 | 279.84 | −7.0 | −5.5 |
| Philippines | (30) | 1,364.42 | +6.9 | +48.6 | 1,796.74 | +5.1 | +42.6 |
| Taiwan, China | (70) | 538.35 | −0.1 | −6.5 | 390.43 | −1.0 | −9.6 |
| **South Asia** | | | | | | | |
| India | (60) | 278.02 | +1.2 | +17.4 | 575.31 | +1.0 | +66.6 |
| Indonesia* | (56) | 53.25 | +7.5 | −45.4 | 58.68 | +7.7 | −42.7 |
| Malaysia | (62) | 135.98 | 0.0 | +3.0 | 154.34 | +0.1 | +5.1 |
| Pakistan | (54) | 244.90 | +35.1 | +99.3 | 391.59 | +36.0 | +125.3 |
| Thailand | (43) | 236.00 | +7.1 | −3.1 | 267.60 | +6.3 | −2.7 |
| **Euro/Mid East** | | | | | | | |
| Greece | (32) | 408.04 | +2.7 | −23.2 | 578.13 | −0.7 | −12.6 |
| Jordan | (25) | 90.55 | 0.0 | −0.3 | 165.66 | 0.0 | +7.3 |
| Portugal† | (30) | 384.16 | −7.2 | −11.6 | 356.66 | −6.7 | −8.9 |
| Turkey‡ | (25) | 80.57 | +31.1 | −55.4 | 544.34 | +37.6 | −21.3 |

*Source: International Finance Corporation. Base date: Dec 1984=100. *Dec 1989=100. †Jan 1986=100. ‡Dec 1986=100.*

Not all emerging markets were winners last month. Brazil fell 21 per cent in dollar terms, although in local currency it moved slightly higher. Ms Else Derrick, the Brazil analyst at Latin American Securities, said worse than expected inflation, delays to privatisation and fiscal reforms, and the failure to reach an International Monetary Fund (IMF) agreement had all disappointed investors.

However, she added: "We believe that we are not far from the turning point." She said that encouraging factors included the appointment of the government's new economic team, which is expected to implement a tight monetary policy; expectations that the IMF agreement would soon be signed; and the possibility of a Brady Plan on the country's debt next year. Moreover, another 20 companies could be privatised in 1992, and inflation was beginning to come down.

## ASIA PACIFIC

# Futures settlement worries depress Nikkei

### Tokyo

THE NIKKEI average fell below 22,000 again on small-lot, arbitrage-related selling yesterday, as nervousness prevailed ahead of Friday's December futures settlements, *writes Emiko Terazono in Tokyo.*

After a high of 22,349.58 in the morning, and a low of 21,832.77 in the afternoon, the Nikkei closed 399.82 down at 21,953.06. Volume rose to 230m shares from 130m on arbitrage-related deals.

Declines outnumbered advances by 744 to 220 with 134 issues unchanged. The Topix index of all first section stocks shed 16.60 to 1,685.83 although, in London, the ISE/Nikkei 50 index eased only 0.35 to 1,249.84.

Yesterday's publication of the Bank of Japan's tankan, or quarterly survey of business sentiment, failed to affect share prices, although the bond market rallied.

Traders said that, while the survey gave a positive signal for lower interest rates in the long term, it was not enough to support confidence before the futures settlement on Friday. Market participants holding December futures are not expected to roll over into March contracts because of the narrow spread, which, in turn, is expected to result in an unwinding of cash stock positions.

In the past, the "calendar spread", or the difference between the closer and further contracts, has widened as expiry approaches. "This time it has narrowed, and the market is very worried," said Mr Peter Johnson at Baring Securities.

Market participants are also nervous about options traders' mounting positions in December "put options" – selling rights – around the 22,000 level. Institutional investors have remained inactive, on speculation that dealers will try to push the index lower.

Domestic institutions have grown increasingly worried that the absence of foreign buying, because of year-end book closings and holidays, will depress prices. Weakness on Wall Street and worries that the Soviet situation could turn confusion into catastrophe added to the pessimism.

High-technology blue chips were hit by the weakness of IBM on Wall Street. Sony dropped Y120 to a low for the year of Y4,100 and Hitachi fell Y16 to Y904.

Nippon Telegraph and Telephone receded Y9,000 to Y742,000, a low for the year. Traders said speculative investors, who had bought NTT shares on hopes that the government would support the price before the share issue next year, were liquidating their positions.

Electric power companies were one of the few bright sectors, supported by lower crude oil prices in New York. Shikoku Electric Power rose Y80 to Y2,930 and Hokuriku Electric Power Y10 to Y2,750.

In Osaka, the OSE average slipped 177.66 to 23,982.89 in volume of 23.8m shares.

### Roundup

THE OVERNIGHT decline on Wall Street and yesterday's weakness in Tokyo depressed the more mature markets in the Pacific region, although Seoul and Manila were buoyant. Bangkok was shut.

HONG KONG dropped 1.8 per cent in nervous, rumour-driven trading. The Hang Seng index lost 74.88 to 4,128.32 in turnover of HK$1.1bn, down from HK$1.2bn.

Rumours of placements by Hongkong Bank pushed Cathay Pacific down 40 cents to HK$9.80. There were also rumours that Deng Xiaoping, the Chinese leader, was ill.

AUSTRALIA lost ground, with the All Ordinaries index dipping 9.4 to 1,571.4, its lowest since mid-October. Turnover eased from A$242m to A$238m, in spite of a placement of 21.8m shares in AFP Group, the bulk of which were placed at A$1.28 each. The move was believed to be linked to the group's restructuring, and AFP put on 2 cents to A$1.24.

SEOUL gained 3.3 per cent on hopes of market-lifting measures. The composite index rose 20.06 to 635.76 in improved turnover of Won224bn, after Monday's Won162bn. The news that Sunkyong Group is to buy a 15 per cent stake in Pacific Securities boosted sentiment, as did news that the Finance Ministry has asked institutions to buy Won240bn worth of stocks by the year-end.

Sunkyong Ind, the parent of Sunkyong Group, advanced Won500 to Won21,500, Pacific Securities rose by its upper limit of Won800 to Won16,800, and its parent, Pacific Chemical, by Won400 to Won10,800.

MANILA was encouraged by demand for selected blue-chip commercial and industrial shares. The composite index gained 29.71 or 2.7 per cent to 1,141.18 as turnover slipped to 58m pesos from 66m.

NEW ZEALAND rose as bargain hunters picked up blue chips. Trading was cautious, however, after the government's backtracking on Monday from its promise to balance the budget by 1993-94. The NZSE-40 index firmed 5.82 to 1,434.00 in turnover of NZ$13m.

## EUROPE

# Paris registers fifth straight decline as bourses tumble

BOURSES fell across the board yesterday, with the winter lull turning into a rout in some places, *writes Our Markets Staff.*

PARIS fell 1.6 per cent – its fifth decline in a row. The CAC 40 index closed 26.44 down at 1,636.93 in heavy turnover of FFr3bn, up from FFr2.4bn. There was a lot of arbitrage-related activity, according to one dealer, which boosted volume.

The dealer added that nervousness about prospects for Wall Street and the Tokyo stock market had turned him from being moderately bearish on the French market to very bearish.

Elf Aquitaine dropped FFr4.60 to FFr350.40 with 463,800 shares traded. After the bourse closed, the finance ministry said that it would postpone the planned sale of a 2.3 per cent stake in Elf, because of poor market conditions. Since the government announced the sale in mid-November, Elf's share price had risen from FFr408.70 to a record high of FFr444, before falling back in the recent gloom.

Havas, the media group, dropped FFr23 to FFr410 in volume of 340,500 shares, including a block of 120,000. The fall followed Monday's forecast from Avenir Havas Media, a subsidiary, that its 1991 results would be lower than previously predicted.

Printemps was requoted, and fell FFr50 to FFr798, after the agreed bid by Pinault for two thirds of the company.

Among the blue chips, Total dropped FFr59 or 6.1 per cent to FFr925 and Paribas shed FFr21.50 or 6.6 per cent to FFr303.

FRANKFURT fell in quiet trading. One dealer said that Germans had been worried by the situation in eastern Europe to the extent that trading in stocks seemed to matter less for the time being.

Volume certainly stayed low, falling from DM3.34bn to DM3.25bn. The DAX index closed 7.94 lower at 1,551.11 after a fall of 5.64 to 633.13 in the FAZ at midsession.

Corporate news made little impact. The energy group, Veba, ended just 20 pfg lower at DM354.50 following reports of a major explosion and fire at the Gelsenkirchen plant of its Veba Oel refinery subsidiary. Another good banking result, from Bayernhypo, left its shares DM1 lower at DM367 while Bayernverein dropped DM10 to DM391 after good results on Monday.

Contrasts in the automotive industry saw Continental, the tyre company, rise another DM6 to DM222.50 to stand on a 1992 prospective p/e of 15 while Volkswagen, currently the unpopular stock among carmakers, shed another DM5 to DM289.10 although there were estimates that this put VW on a 1992 p/e of 7.8.

MILAN's slide continued, with bloodletting among a number of the stocks which have suffered lately, but there was some recovery before the end, and selective investment in telecoms as the Comit index closed 4.34 lower at 482.89.

Pirelli SpA was the hardest hit, dropping 8 per cent or L90 to L1,010 as the market continued to spurn the share after the costly collapse of its talks with its German counterpart, Continental. Pirelli SpA is now down 41 per cent since November 29, the day preceding the bad news about the merger talks.

Among other blue chips, Fiat fell L118 or 2.6 per cent to L4,497 while Olivetti dropped L49 to L2,401. The good news for serious investors was in the telecom groups, Sip and its parent Stet, up L7 to L1,237 and L13 to L1,942 respectively.

MADRID dropped 1.5 per cent on its return from a four-day weekend. The weakness on Wall Street and worries about the Soviet Union depressed the market. The general index lost 3.77 to 240.91.

VIENNA dropped 1.5 per cent to its worst level since its 1991 low early last month. The ATX index shed 14.26 to 918.17, as Universale, the builder which is passing its dividend this year, fell by the 10 per cent limit to Sch1,082, down Sch120.

STOCKHOLM closed lower in moderate trade as a morning rally fizzled out in the afternoon. The Affärsvärlden General index fell 2.50 to 910.10. HELSINKI made another new low, the Hex index falling below 800 for the first time this year with a drop of 4.0 to 797.5.

ISTANBUL fell 5.2 per cent after the market's recent strength. The 75-share market index shed 225.86 to 4,114.52.

**FT-SE Eurotrack 100 - Dec 10**

| Hourly changes | | | | | | | |
|---|---|---|---|---|---|---|---|
| Open | 10 pm | 11 am | Noon | 1 pm | 2 pm | 3 pm | Close |
| 1035.92 | 1034.93 | 1034.11 | 1034.37 | 1034.72 | 1033.66 | 1034.70 | 1034.94 |

Day's High 1035.93 — Day's Low 1033.23

| Dec 9 | Dec 6 | Dec 5 | Dec 4 | Dec 3 |
|---|---|---|---|---|
| 1039.46 | 1041.38 | 1050.13 | 1058.20 | 1056.25 |

Base value 1000 (26/10/90)

### SOUTH AFRICA

HOPES OF higher bullion prices helped Johannesburg stocks put on a steady performance. A weak financial rand also supported the market. The all-gold index added 2 to 1,289, although the overall index slipped 1 to 3,521.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS<br>Figures in parentheses show number of lines of stock | MONDAY DECEMBER 9 1991<br>US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | FRIDAY DECEMBER 6 1991<br>US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX<br>1991 High | 1991 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (69) | 146.98 | −0.9 | 120.62 | 119.29 | 120.28 | 126.35 | −0.2 | 4.62 | 148.27 | 121.42 | 120.06 | 121.14 | 126.60 | 160.31 | 112.74 | 121.87 |
| Austria (20) | 165.08 | −0.9 | 135.48 | 133.99 | 135.09 | 134.91 | −1.6 | 2.14 | 166.58 | 136.41 | 134.89 | 136.10 | 137.06 | 222.37 | 153.86 | 213.72 |
| Belgium (47) | 136.18 | +0.7 | 111.76 | 110.52 | 111.44 | 108.64 | +0.3 | 5.45 | 135.29 | 110.79 | 109.54 | 110.53 | 108.27 | 151.20 | 118.04 | 141.02 |
| Canada (115) | 134.53 | −1.2 | 110.41 | 109.19 | 110.09 | 110.66 | −1.2 | 3.37 | 136.12 | 111.47 | 110.22 | 111.21 | 111.98 | 144.28 | 126.49 | 129.61 |
| Denmark (37) | 257.45 | −0.4 | 211.29 | 208.96 | 210.68 | 214.21 | −0.3 | 1.67 | 258.49 | 211.66 | 209.32 | 211.19 | 214.90 | 270.56 | 217.74 | 246.00 |
| Finland (15) | 77.51 | +0.2 | 63.61 | 62.91 | 63.43 | 69.29 | +0.3 | 3.52 | 77.34 | 63.33 | 62.63 | 63.19 | 69.06 | 125.15 | 75.80 | 107.70 |
| France (109) | 136.92 | −1.4 | 112.37 | 111.12 | 112.03 | 115.55 | −1.2 | 3.83 | 138.82 | 113.66 | 112.40 | 113.41 | 116.99 | 152.26 | 119.11 | 145.33 |
| Germany (65) | 112.41 | +0.0 | 92.25 | 91.25 | 91.98 | 91.98 | +0.2 | 2.51 | 112.37 | 92.01 | 91.00 | 91.80 | 91.80 | 125.35 | 94.15 | 123.06 |
| Hong Kong (55) | 172.97 | +0.4 | 141.95 | 140.38 | 141.55 | 172.57 | +0.4 | 4.30 | 172.28 | 141.08 | 139.50 | 140.76 | 171.96 | 176.14 | 119.62 | 127.41 |
| Ireland (16) | 157.40 | +0.6 | 129.18 | 127.75 | 128.80 | 130.62 | +0.5 | 3.84 | 156.46 | 128.12 | 126.69 | 127.83 | 130.03 | 182.46 | 132.88 | 157.41 |
| Italy (77) | 69.39 | −2.1 | 56.95 | 56.31 | 56.78 | 81.72 | −1.9 | 3.76 | 70.89 | 58.05 | 57.40 | 57.92 | 82.94 | 88.23 | 64.76 | 83.89 |
| Japan (474) | 130.70 | −0.5 | 107.27 | 106.08 | 106.97 | 106.08 | −0.2 | 0.80 | 131.31 | 107.53 | 106.33 | 107.30 | 106.33 | 146.97 | 118.23 | 129.15 |
| Malaysia (68) | 203.72 | −0.2 | 167.19 | 165.34 | 166.70 | 215.09 | −0.1 | 2.89 | 204.08 | 167.11 | 165.24 | 166.73 | 215.24 | 247.78 | 189.18 | 203.96 |
| Mexico (17) | 1321.62 | +0.1 | 1084.65 | 1072.67 | 1081.51 | 4394.21 | +0.1 | 1.17 | 1320.81 | 1081.59 | 1069.51 | 1079.13 | 4391.52 | 1404.63 | 534.45 | 613.13 |
| Netherland (31) | 145.30 | +0.0 | 119.25 | 117.93 | 118.91 | 117.65 | +0.2 | 4.59 | 145.33 | 119.01 | 117.68 | 118.74 | 117.44 | 148.25 | 125.70 | 135.99 |
| New Zealand (14) | 45.19 | −1.8 | 37.08 | 36.68 | 36.98 | 43.08 | −1.4 | 6.38 | 46.01 | 37.68 | 37.26 | 37.59 | 43.67 | 64.64 | 41.18 | 47.83 |
| Norway (30) | 174.91 | +3.0 | 143.55 | 141.97 | 143.14 | 147.25 | +3.0 | 1.75 | 169.84 | 139.08 | 137.53 | 138.77 | 142.93 | 223.24 | 157.08 | 218.90 |
| Singapore (38) | 205.98 | +0.3 | 169.05 | 167.18 | 168.56 | 156.38 | +0.1 | 2.23 | 205.43 | 168.22 | 166.35 | 167.84 | 156.20 | 213.93 | 151.63 | 162.79 |
| South Africa (61) | 261.12 | −0.3 | 214.30 | 211.93 | 213.68 | 178.06 | +0.7 | 2.77 | 262.03 | 214.57 | 212.17 | 214.07 | 176.78 | 271.99 | 173.00 | 180.83 |
| Spain (53) | 148.95 | +1.0 | 122.24 | 120.89 | 121.89 | 113.69 | +0.0 | 4.86 | 147.48 | 120.77 | 119.43 | 120.50 | 113.69 | 171.12 | 131.51 | 153.86 |
| Sweden (25) | 169.32 | −0.9 | 138.96 | 137.43 | 138.56 | 144.57 | −0.7 | 3.08 | 170.79 | 139.86 | 138.30 | 139.54 | 145.57 | 204.12 | 146.60 | 174.18 |
| Switzerland (59) | 95.33 | +0.1 | 78.24 | 77.38 | 78.02 | 82.21 | +0.2 | 2.43 | 95.27 | 78.01 | 77.15 | 77.85 | 82.04 | 100.67 | 82.17 | 92.85 |
| United Kingdom (238) | 173.64 | +0.6 | 142.50 | 140.92 | 142.08 | 142.50 | +0.8 | 5.25 | 172.57 | 141.31 | 139.72 | 140.98 | 141.31 | 187.44 | 156.27 | 169.85 |
| USA (526) | 154.20 | −0.2 | 126.55 | 125.16 | 126.19 | 154.20 | −0.2 | 3.16 | 154.49 | 126.51 | 125.10 | 126.22 | 154.49 | 161.59 | 125.95 | 132.82 |
| Europe (824) | 138.69 | +0.0 | 113.82 | 112.57 | 113.50 | 114.31 | +0.1 | 4.22 | 138.65 | 113.54 | 112.27 | 113.28 | 114.15 | 151.52 | 125.50 | 142.00 |
| Nordic (107) | 175.46 | −0.2 | 144.00 | 142.41 | 143.58 | 142.59 | −0.1 | 2.27 | 175.78 | 143.94 | 142.34 | 143.62 | 142.69 | 200.81 | 156.55 | 179.92 |
| Pacific Basin (718) | 132.07 | −0.5 | 108.39 | 107.19 | 108.07 | 108.35 | −0.2 | 1.14 | 132.88 | 108.64 | 107.43 | 108.39 | 108.58 | 145.92 | 117.86 | 128.49 |
| Euro – Pacific (1542) | 135.03 | −0.3 | 110.82 | 109.59 | 110.49 | 111.48 | −0.1 | 2.40 | 135.38 | 110.86 | 109.61 | 110.60 | 111.56 | 147.66 | 121.29 | 134.35 |
| North America (641) | 152.91 | −0.2 | 125.49 | 124.12 | 125.15 | 151.25 | −0.2 | 3.17 | 153.28 | 125.52 | 124.13 | 125.25 | 151.61 | 160.44 | 125.91 | 132.53 |
| Europe Ex. UK (586) | 117.73 | −0.4 | 96.62 | 95.57 | 96.36 | 98.10 | −0.4 | 3.46 | 118.20 | 96.79 | 95.73 | 96.59 | 98.47 | 129.80 | 103.58 | 124.62 |
| Pacific Ex. Japan (244) | 145.53 | −0.3 | 119.43 | 118.13 | 119.10 | 129.68 | +0.0 | 4.18 | 145.97 | 119.53 | 118.22 | 119.27 | 129.70 | 153.19 | 111.40 | 119.97 |
| World Ex. US (1735) | 137.11 | −0.3 | 112.52 | 111.29 | 112.20 | 113.24 | −0.1 | 2.43 | 137.49 | 112.59 | 111.34 | 112.34 | 113.33 | 148.18 | 122.32 | 134.92 |
| World Ex. UK (2023) | 138.81 | −0.3 | 113.92 | 112.67 | 113.60 | 124.33 | −0.2 | 2.40 | 139.29 | 114.07 | 112.80 | 113.82 | 124.62 | 146.16 | 120.06 | 129.56 |
| World Ex. So. Af. (2200) | 141.04 | −0.2 | 115.75 | 114.49 | 115.43 | 125.80 | −0.1 | 2.70 | 141.39 | 115.78 | 114.50 | 115.53 | 125.77 | 148.86 | 122.92 | 132.84 |
| World Ex. Japan (1787) | 149.09 | −0.1 | 122.36 | 121.02 | 122.03 | 137.13 | −0.1 | 3.57 | 149.31 | 122.27 | 120.92 | 122.01 | 137.22 | 155.59 | 126.69 | 136.51 |
| The World Index (2261) | 141.85 | −0.2 | 116.41 | 115.13 | 116.08 | 126.08 | −0.1 | 2.70 | 142.20 | 116.44 | 115.15 | 116.19 | 126.23 | 149.37 | 123.28 | 133.13 |


Latest prices were unavailable for this edition. Spanish market closed December 9.